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Reference	IOR/R/15/1/639
Title	'File 86/1 II (D 78) Kuwait Oil. Eastern and General Syndicate'
Date(s)	25 May 1931-30 Jun 1932 (CE, Gregorian)
Written in	English and Arabic in Latin and Arabic script
Extent and Format	1 volume (239 folios)
Holding Institution	British Library: India Office Records and Private Papers
Copyright for document	<u>Unknown</u>

About this record

The volume continues on from IOR/R/15/1/638 in discussing a proposed Oil Concession for Kuwait which is negotiated by Major Frank Holmes on behalf of the Eastern and General Syndicate Limited.

The correspondence focuses on a proposed clause in the draft concession agreement, known as the 'Nationality Clause', which would prevent non-British companies from obtaining a concession in Kuwait, and which the Shaikh of Kuwait and His Majesty's Government wish to enforce, but which the Syndicate object to as they are American-owned.

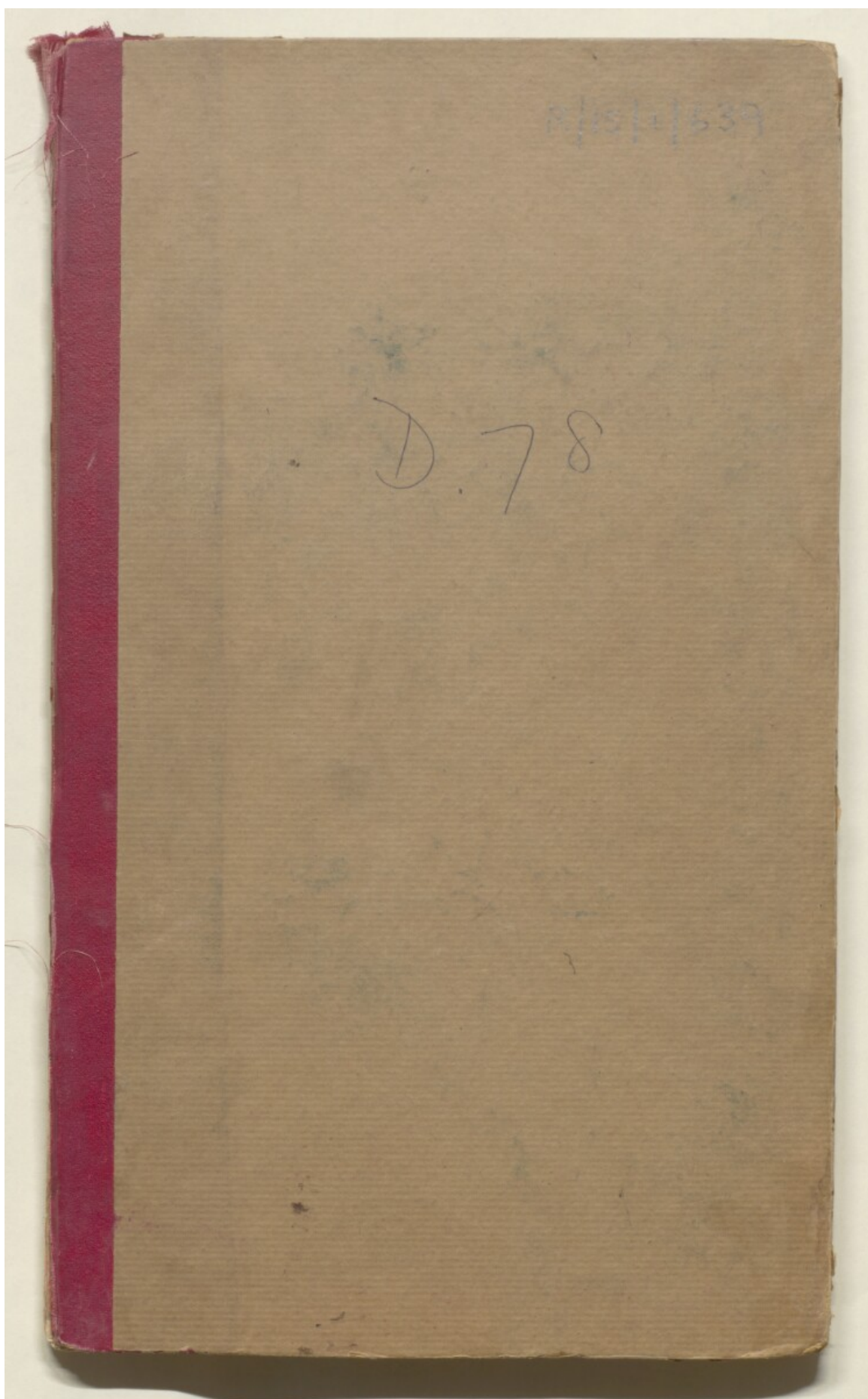
Central to the correspondence is a letter from Shaikh Aḥmad al-Jābir Āl Ṣabāḥ, Shaikh of Kuwait, to Major Frank Holmes in which the Shaikh implies that he would be willing to forego the Nationality Clause if the British Government are willing for it to be omitted and thus transfers the onus of responsibility for the clause to His Majesty's Government (folio 35). This leads to substantial correspondence on the matter between the Secretary of State for the Colonies, the India Office and the Government of India, as well input from the Admiralty, Air Ministry and Petroleum Department over the need for such a clause and the military and strategic implications of non-British interests in Kuwait.

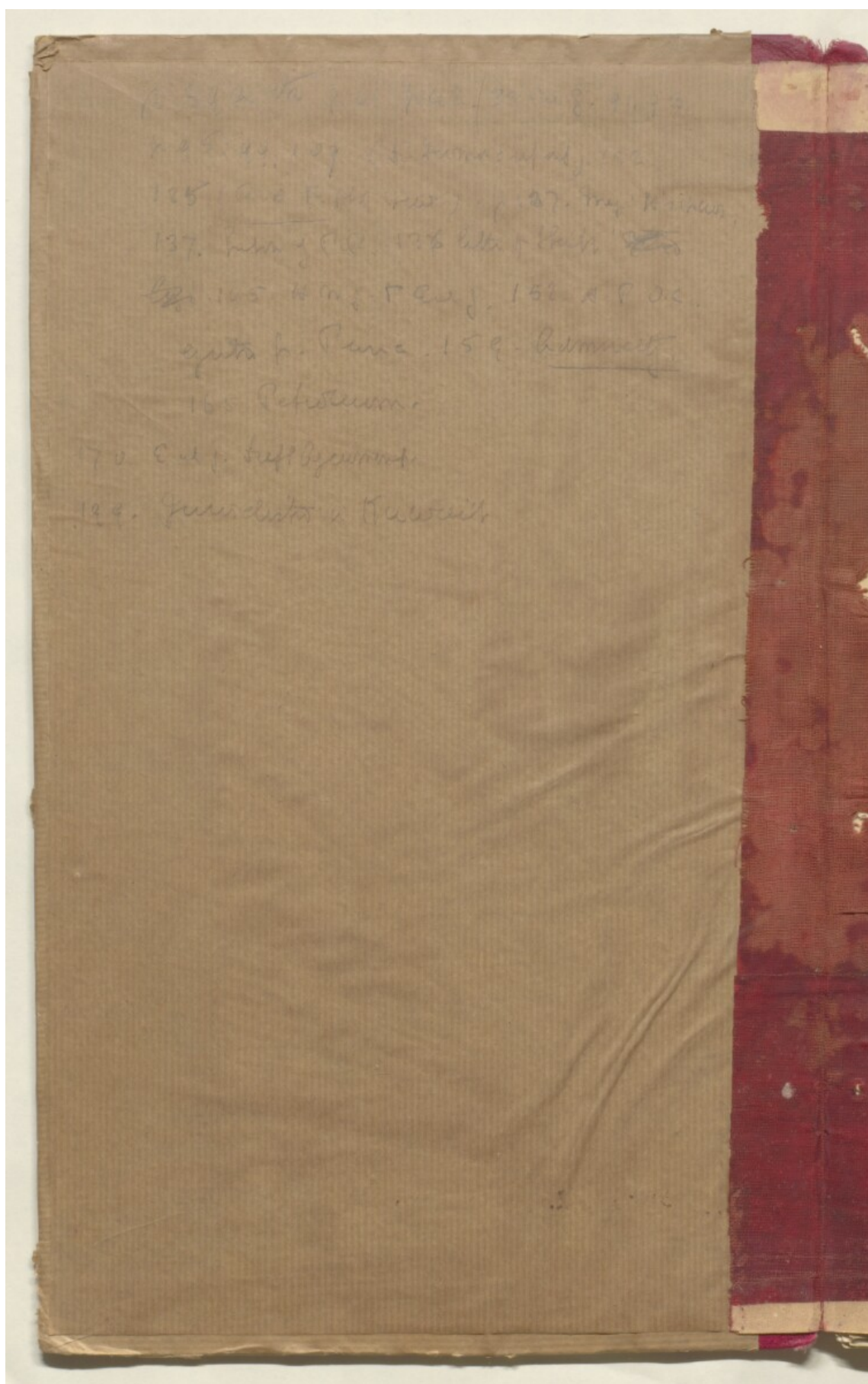
Also included with this correspondence are letters between the Foreign Office and the US Embassy regarding the United States of America's concerns that Americans are being excluded from negotiating concessions in Kuwait, and their expectations that any concession in Kuwait should be on the same terms as those granted in Bahrain.

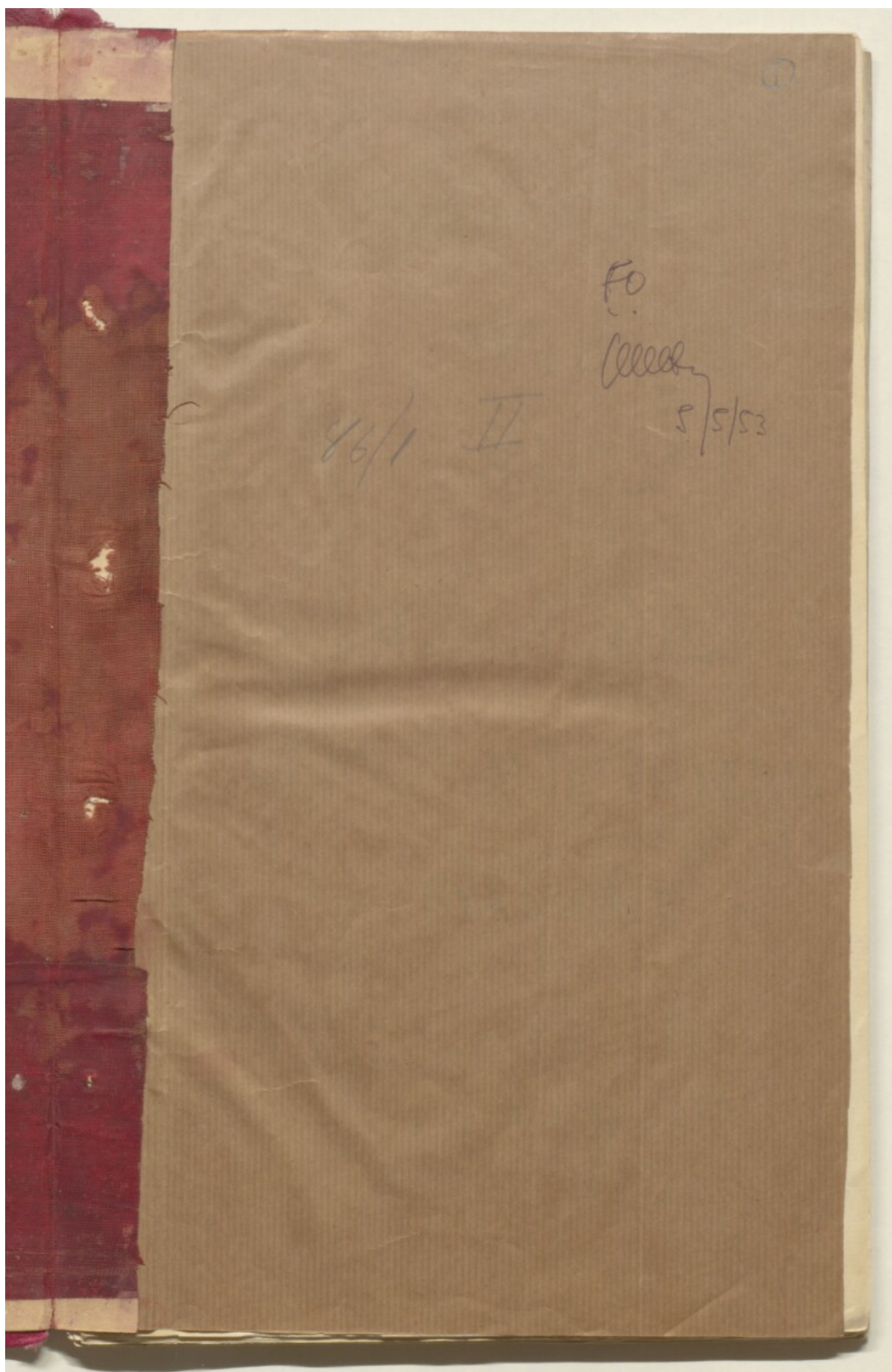
Further correspondence and documents of interest include:

- A new draft agreement, drawn up following the decision to drop the Nationality Clause (folios 180-204);

- Copies of correspondence regarding the question of jurisdiction in Kuwait over non-Muslim foreign powers and referencing an agreement by the Shaikh of Kuwait in 1925 which granted the power of jurisdiction to His Majesty's Government;
- The Senior Naval Officer's confidential proceedings of 31 May 1931: 'The status of the Islands of Farsi, Harkis, Al Kuran and Arifi';
- Correspondence relating to the Anglo-Persian Oil Company who are undertaking a geological survey of Kuwait and considering whether to apply for a concession;
- A letter by Colonel Dickson, Political Agent in Kuwait, detailing a conversation with Major Frank Holmes in which he outlines where he believes the oil to be in the Persian Gulf, and including, on folio 58, a sketch map of the three principal oil lines that Holmes believes to exist (folios 55-57);
- Proposed amendments to the clauses of Holmes second draft agreement (found in IOR/R/15/1/638), written before the agreement to drop the Nationality Clause was reached, written by Dr Fermor, Director of the Geological Survey of India (folios 114-126);
- A letter from the Air Ministry, 19 March 1932, requesting assurances that all possible steps will be taken to maintain the British position in the Gulf and highlighting the need to safeguard oil supplies as they are the main propellant of the RAF (folios 133-134);
- Memorandum by the Admiralty expressing their concerns over future complications which could arise in the Gulf and their strategic objections to potential oil supplies not being in British control, and outlining current arrangements for obtaining and protecting those supplies (folios 169-173).











R/15/1/639 ②

CONFIDENTIAL

D-78.

86/1 -II

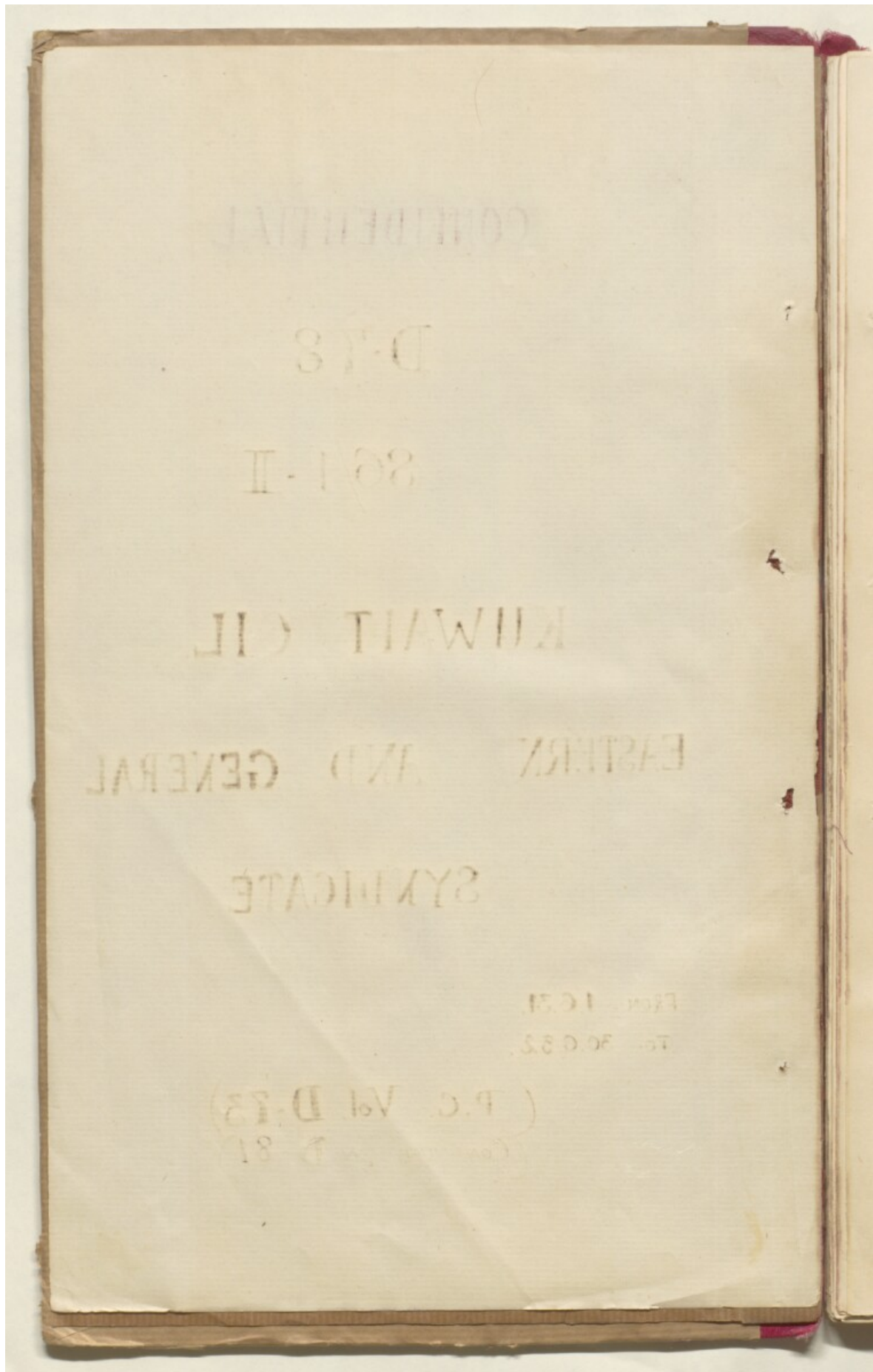
KUWAIT OIL.

EASTERN AND GENERAL
SYNDICATE.

FROM: 1.6.31.

To: 30.6.32.

(P.C. Vol. D-73)
(CONTINUED ON D-81)





86/1 - ii INDEX.

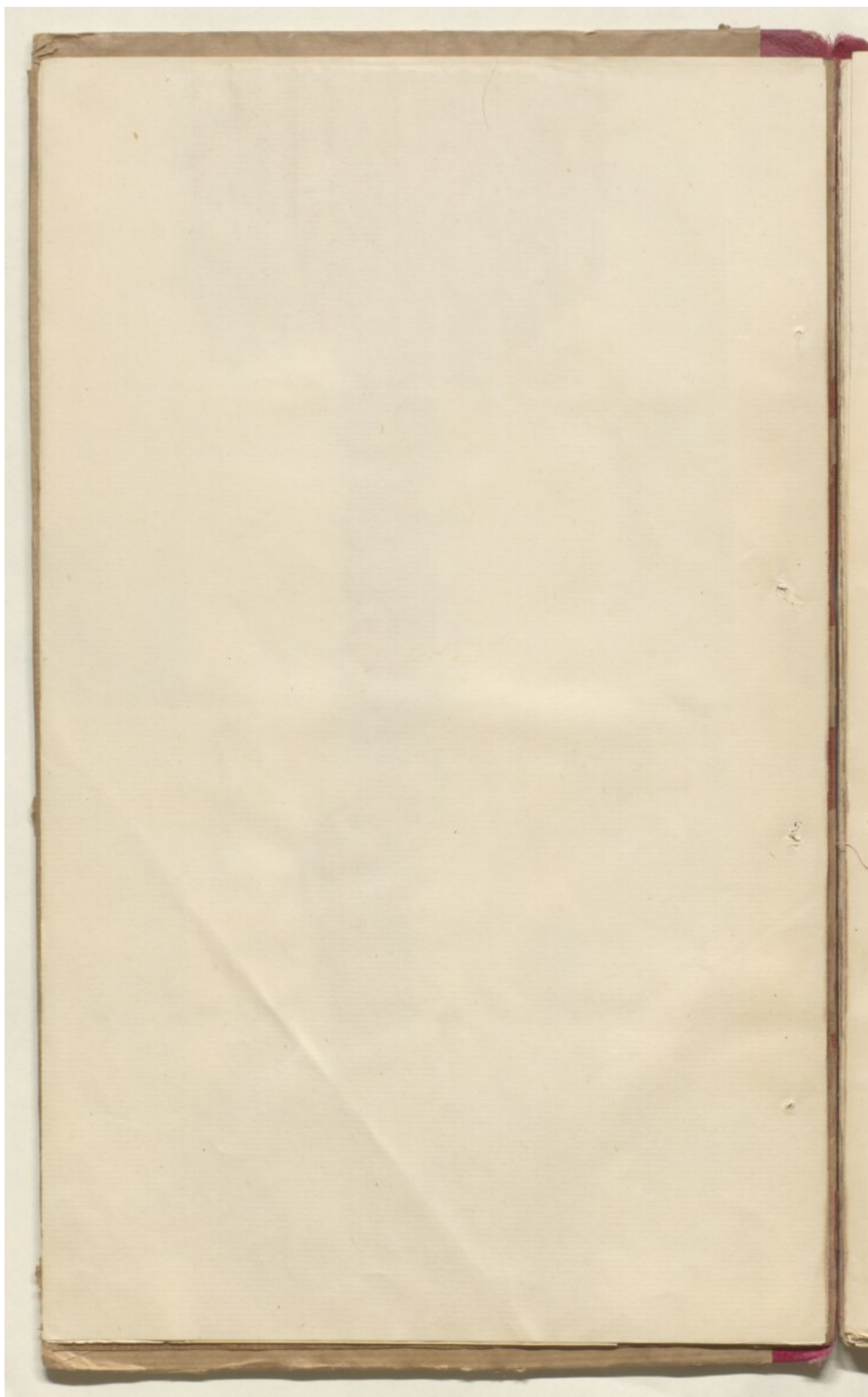
Agreement. Draft prepared by Holmes. 170-190
A.P.O.C. Activities 42- 43 66 69 86 104-105 120 138
Correspondence with United States Embassy. 55- 78 80- 82 89- 90 103-105 120-122
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Foreign Office attitude....	91-101
Jurisdiction over Foreigners. 199-202
Memo. by U.S.Embassy 83- 84
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Precis of conversation held at Kuwait between Shaikh and P.R. 39a-39d
Views of Holmes on possibility of oil discoveries in P.G. 47-53

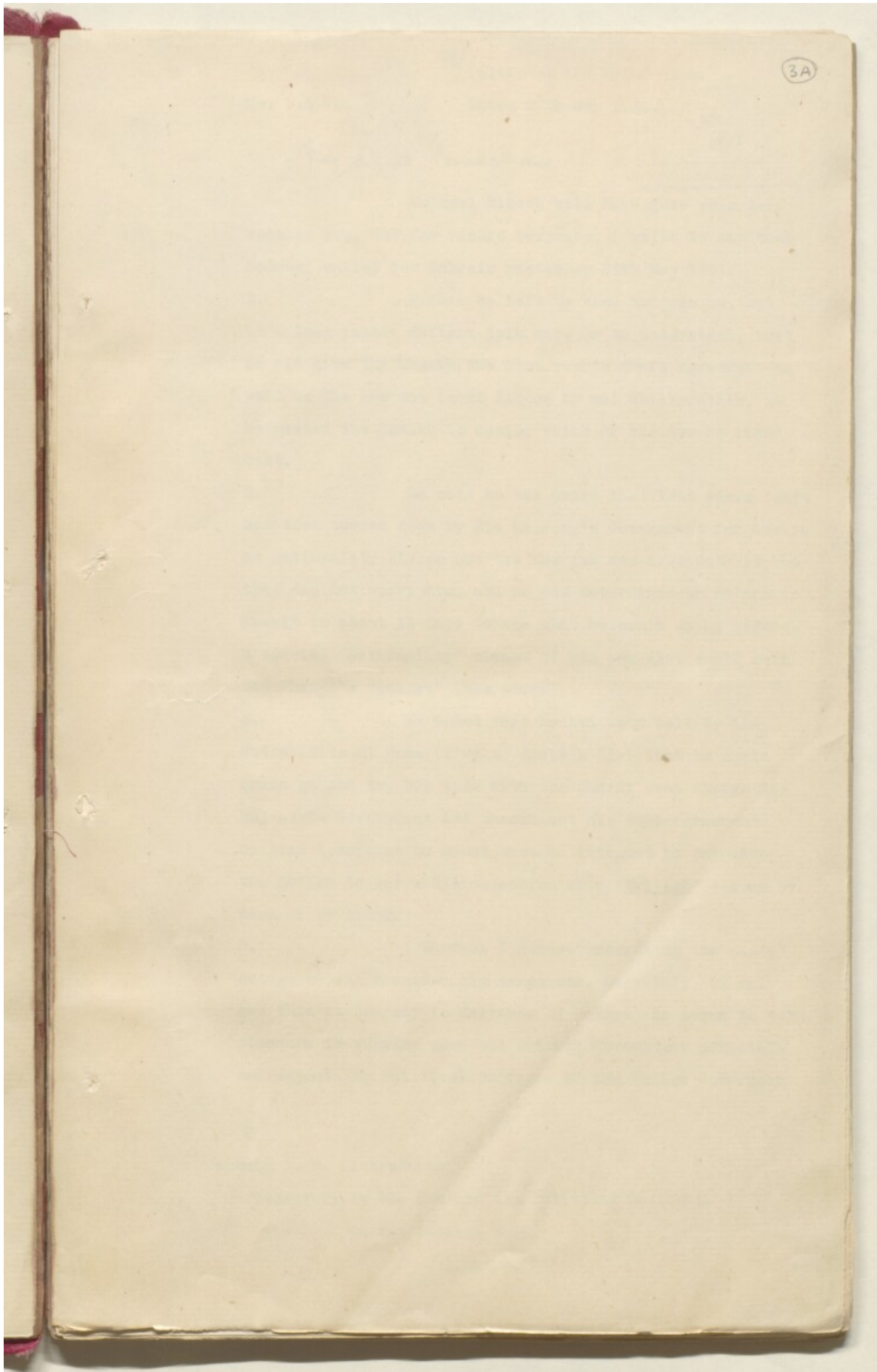
Holmes continues his activities, but is largely unsuccessful owing to the attitude of HMG who with the Shaikh, are anxious to keep the nationality clause in the agreement in the interests of the Shaikh.

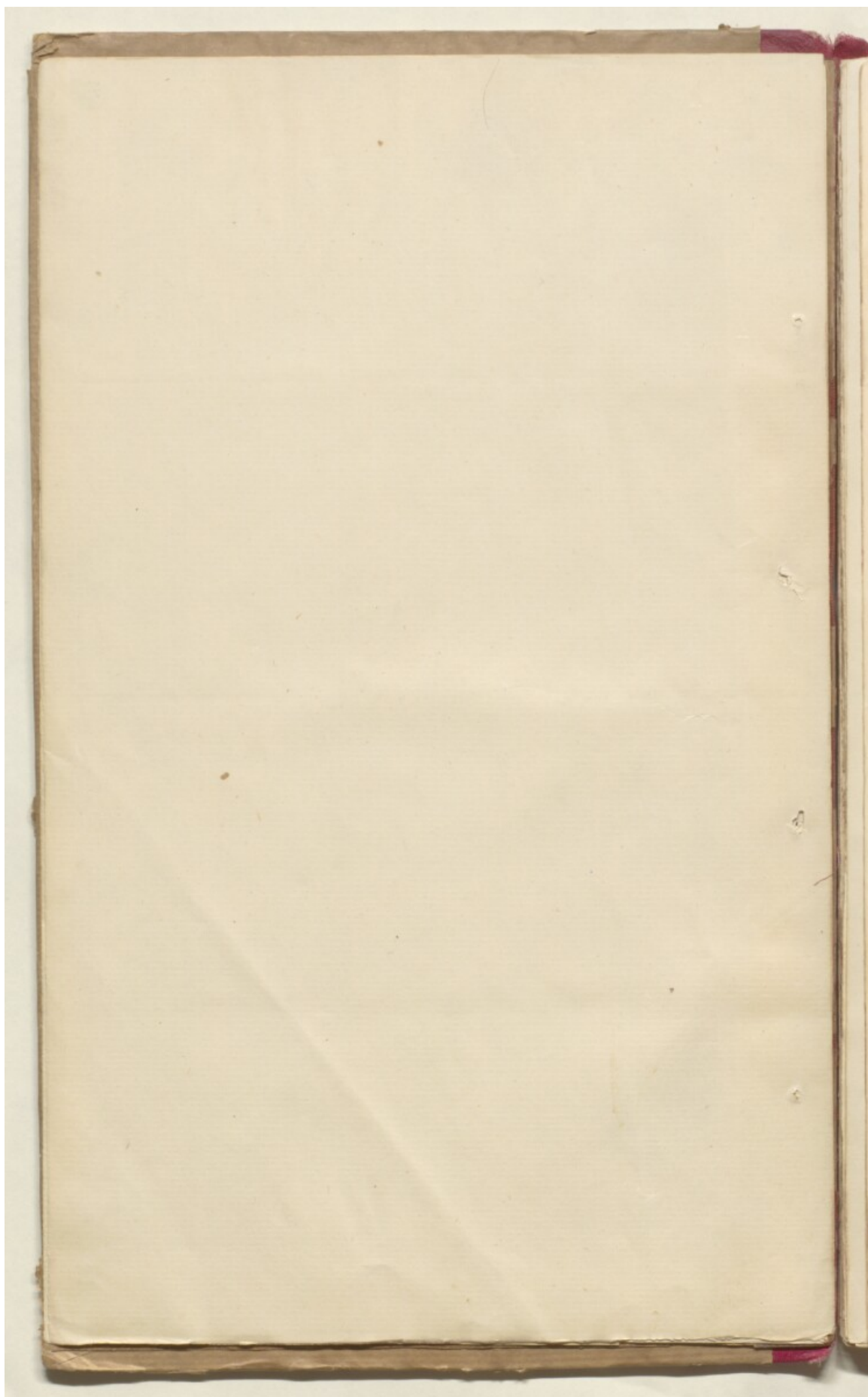
During the P.R's and the P.A., Kuwaits absence in the U.K., Holmes successfully extracts a useful letter from the Shaikh which seems to point to the fact that HMG have prompted the Shaikh to keep out foreigners and that if they (HMG) are prepared to waive this clause, He (the Shaikh) will be willing to reopen negotiations with the Company. HMG endeavour to straighten things up on representation being received from the United States Embassy but being unable to successfully meet the situation decide to waive the Nationality Clause.

A.P.O.C. representatives in the meanwhile carry out geological surveys.

Holmes, the companys negotiator, return to Kuwait and submits a revised draft.









CONFIDENTIAL.

No. D.O.72.

86/1

Political Agency, Kuwait.

Dated 25th May 1931.

BUSHIRE RESIDENT	
No.	784
Date	1/6/31
CONFIDENTIAL RECORD	

My dear Bradshaw

Colonel Biscoe will have gone when this reaches you, but for record purposes, I write to say that Holmes' sailed for Bahrain yesterday 24th May 1931.

2. Before he left he came and saw me, and in a long rather defiant talk gave me to understand, that he did give the Shaikh the last year's draft agreement as well as the new one (sent Biscoe by me) deliberately, as he wanted the Shaikh to decide which of the two he liked best.

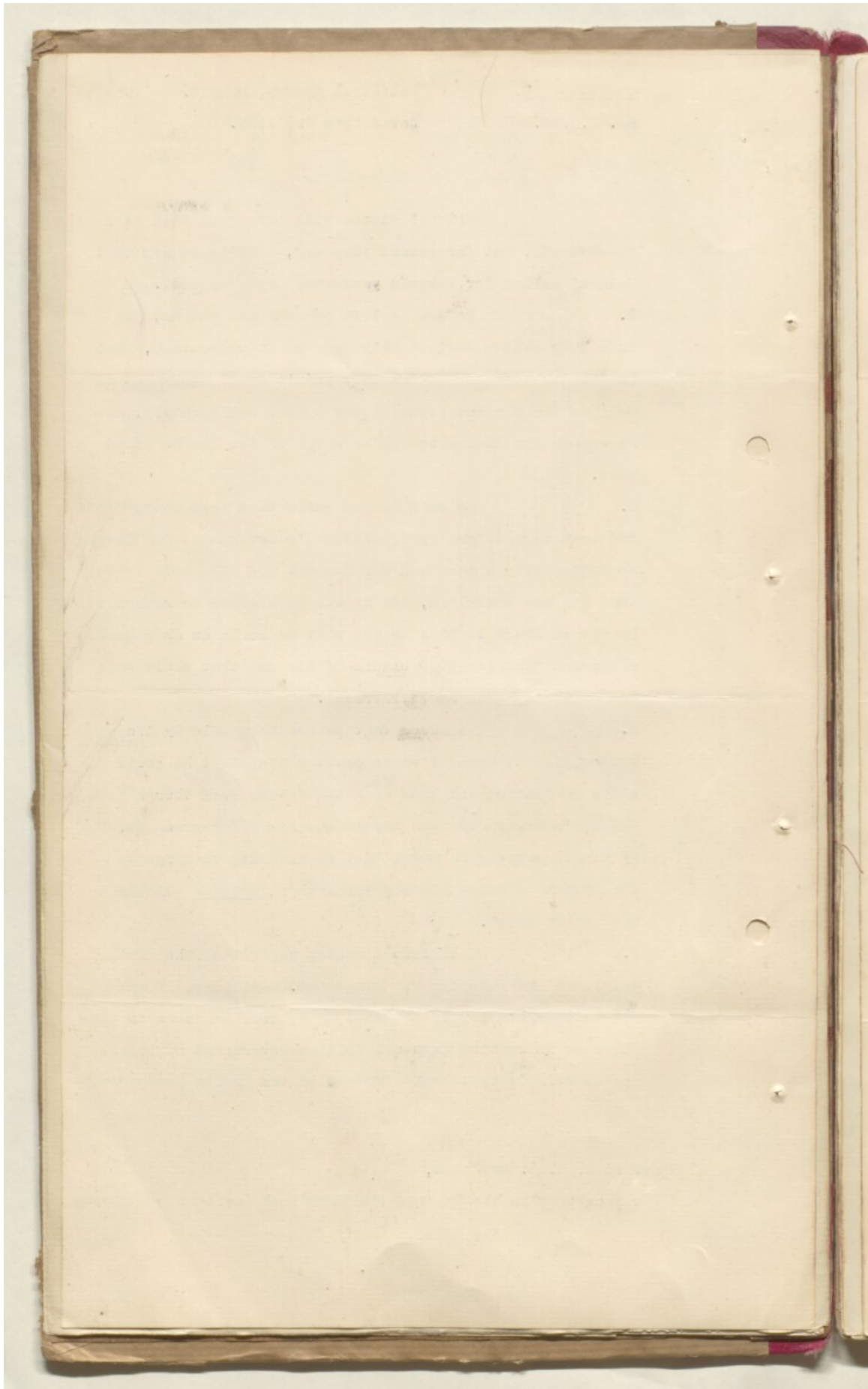
3. He said he was aware that last years draft had been turned down by His Majesty's Government for having no nationality clause and the new one was like unto it, but that did not worry him, and he was determined to return to Kuwait in about 15 days to see what he could do as regards a special "Nationality" clause of his own that would suit the Shaikh's "qualms" (his words).

4. He added that he had been told by the authorities at Home (I've no doubt a lie) that he could again go and try his luck with the Shaikh even though His Majesty's Government had thrown out his 1930 agreement. By this I suppose he meant that he intended to persuade the Shaikh to waive his objection to a "British" clause by hook or by crook.

5. I confess I cannot understand the man's goings on and consider him dangerous. Certainly, (I only get this as hearsay, in fairness to Holmes) he seems to take pleasure in running down all British Government officials and especially Political Officers of the Indian Government

To

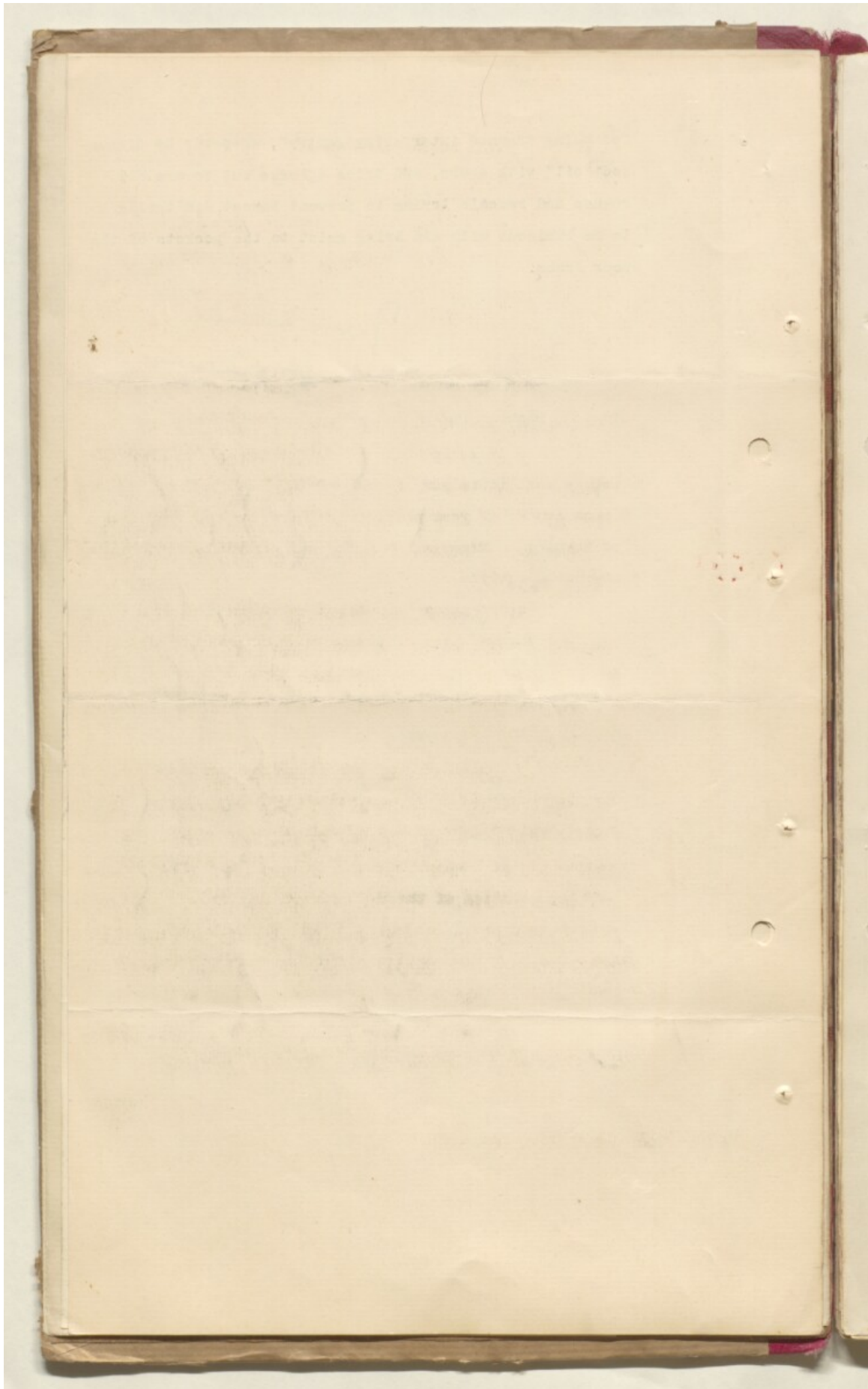
Captain J. R. L. Bradshaw,
Secretary to the Hon'ble the Political Resident
in the Persian Gulf,
Bushire.





2 (5)
for being "dammed interfering gentry", whenever he discus-
sed "oil" with Arabs, and tries to make out we are all
rogues and rascals trying to prevent honest men trying
to do business with and bring grist to the pockets of the
poor Arabs.

James Smith
H. S. Smith





86/1
36
Confidential.

B.O.No.316-S of 1931.

British Residency,
Bushire, the 2nd June 1931.

Reference correspondence ending with your D.O.
letter No.72 of the 25th May 1931, to Bradshaw.

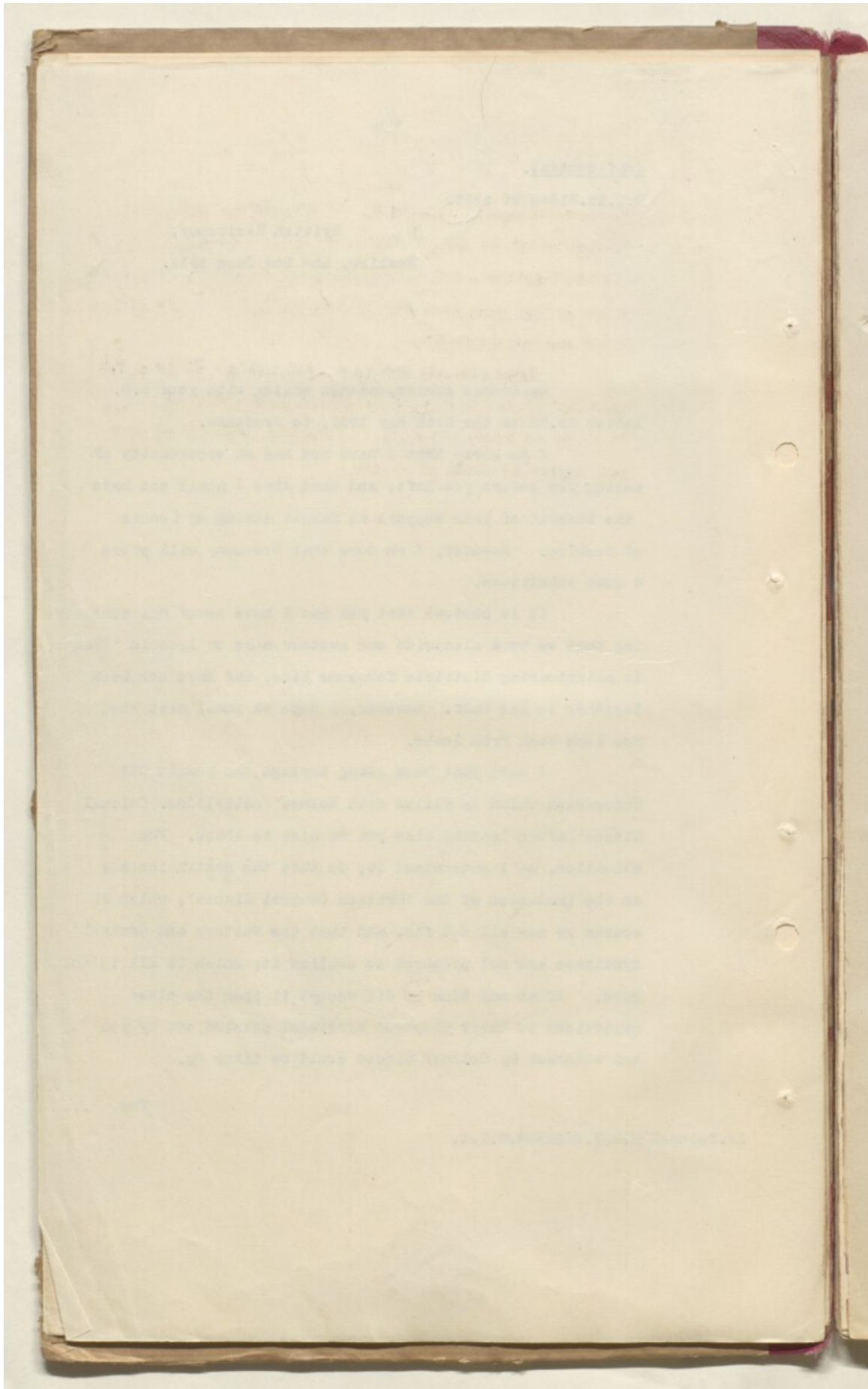
I am sorry that I have not had an opportunity of seeing you before you left, and that also I shall not have the benefit of your support at Kuwait during my tenure of Bushire. However, I am sure that Greenway will prove a good substitute.

It is curious that you and I have never met considering that we were alongside one another more or less in 'Iraq in neighbouring districts for some time, and have now been together in the Gulf. However, I hope we shall meet when you come back from leave.

I have just been going through the Kuwait Oil Concession which is filled with Holmes' activities. Colonel Biscoe before leaving also put me wise to these. The situation, as I understand it, is that the Shaikh insists on the inclusion of the "British Control Clause", which of course we are all out for, and that the Eastern and General Syndicate are not prepared to swallow it; which is all to the good. If at any time ^{they} he did accept it then the other objections to their proposed agreement pointed out by you and endorsed by Colonel Biscoe could be taken up.

The ...

Lt.Colonel H.R.P.Dickson, C.I.E.



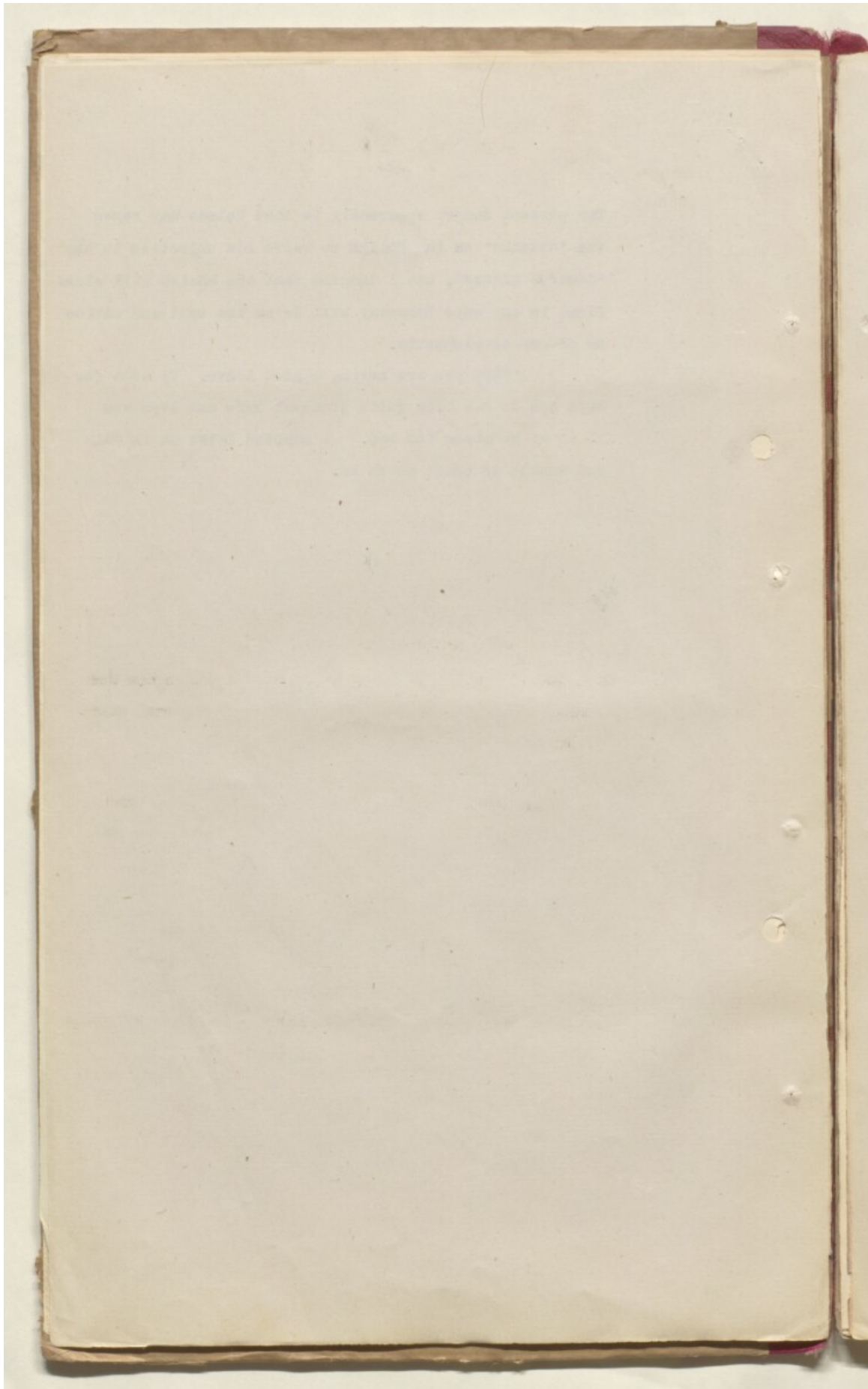


47
-2-

The present danger apparently is that Holmes may renew the "attacks" on the Shaikh to waive his objection to the "Control Clause", but I imagine that the Shaikh will stand firm; in any case Greenway will be on the spot and advise me of any developments.

Hope you are having a good leave. Up to a few days ago it has been quite pleasant here and even now it is by no means too bad. I suppose later on in July and August we shall catch it.

1/10





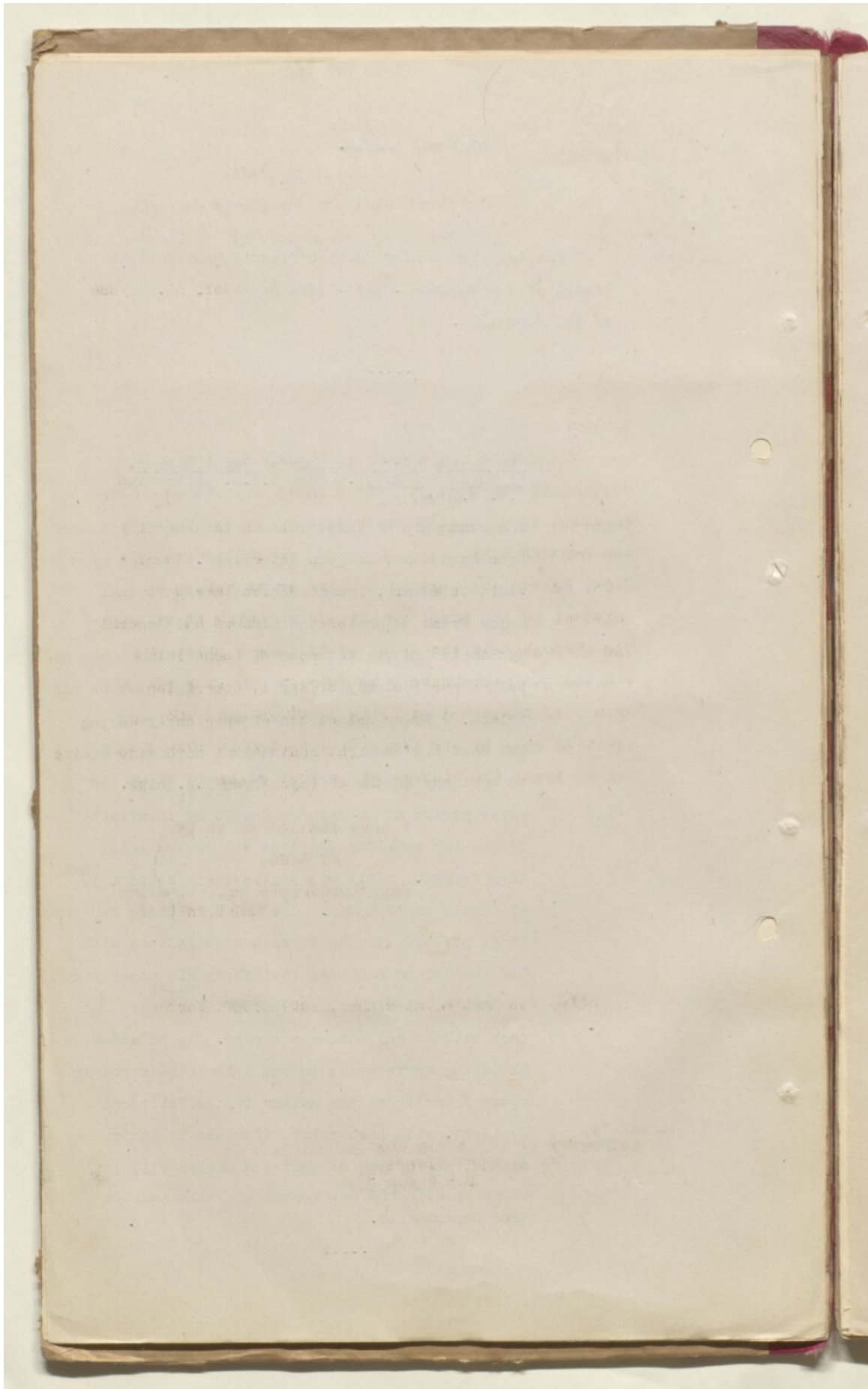
Original in 33/45
86/1 and ~~13/150~~
5 (8)
Extract from Senior Naval Officer's Confidential
Report of proceedings - 1st - 31st May 1931, No.139/586
of 1st June 1931.

.....

- (g) The Status of the Islands of Farsi, Markus, Al Kuran and Aribi. (See C.I.D. Publication P.G.13.) *P. 106*

Reported on 3.7.33
The ownership of these islands is generally looked upon as not having been determined. During my visit to Kuwait, I had received a report that Major Frank Holmes of the Eastern and General Syndicate had visited some of these islands and had talked particularly of Farsi, describing it as his island. Major Holmes has shown clearly during the past six or eight months that he has no desire to meet any of the officers from H.M. Ships. If ships arrive at Bahrain or Kuwait he invariably leaves the same day and does not return until they depart. This was particularly noticeable at Kuwait on 17th May. He had been there for some time, possibly trying to open negotiations with the Shaikh, he had been invited by His Excellency to meet me at dinner, but he left for Basrah at once without any adequate excuse. As he seems to be taking an interest in the islands referred to above I mentioned the matter to the Political Resident, with particular reference to their status, he informs me that the matter will be taken up with the Government of India and the Home Departments.

.....





86/ 1

6

9

Confidential.

No.13 of 1931.

British Residency and Consulate General,
Bushire, the 18th. June 1931.

My Lord,

I have the honour to report for the information of His Majesty's Government that it has been reported to me that Major F.Holmes, of the Eastern and General Syndicate, Ltd., has recently visited Farsi Island and that he appears to be taking an interest in the group of islands to which it belongs. The ownership of the group of islands - which are visited indiscriminately by Persian and Arab fishermen - is described as being undetermined, and enquiries made by Sir Fredrick Johnston in 1928 failed to trace the history of an Arab claim to them.

I have the honour to be,

My Lord,

Your Lordship's most obedient,
humble servant,

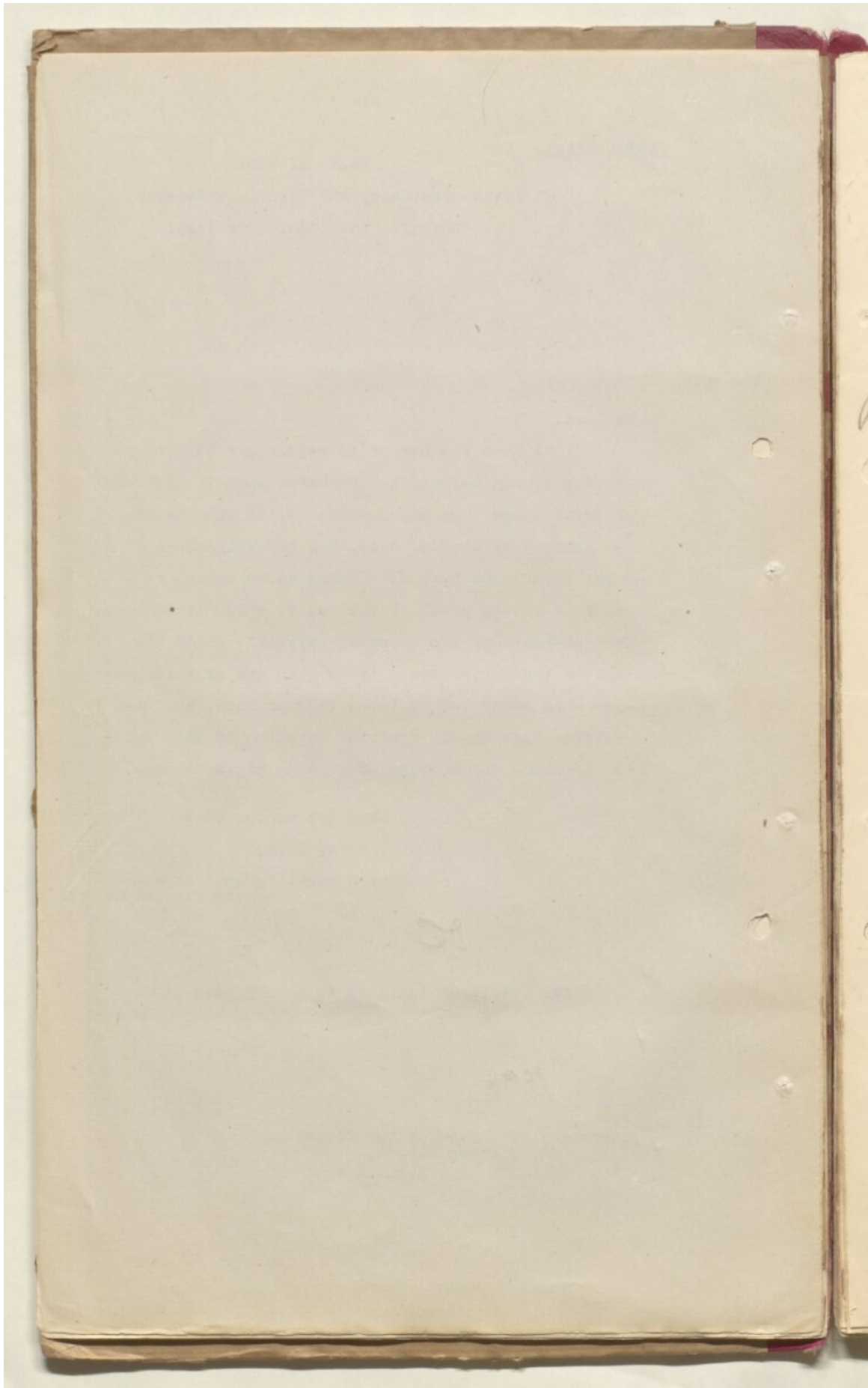
HC

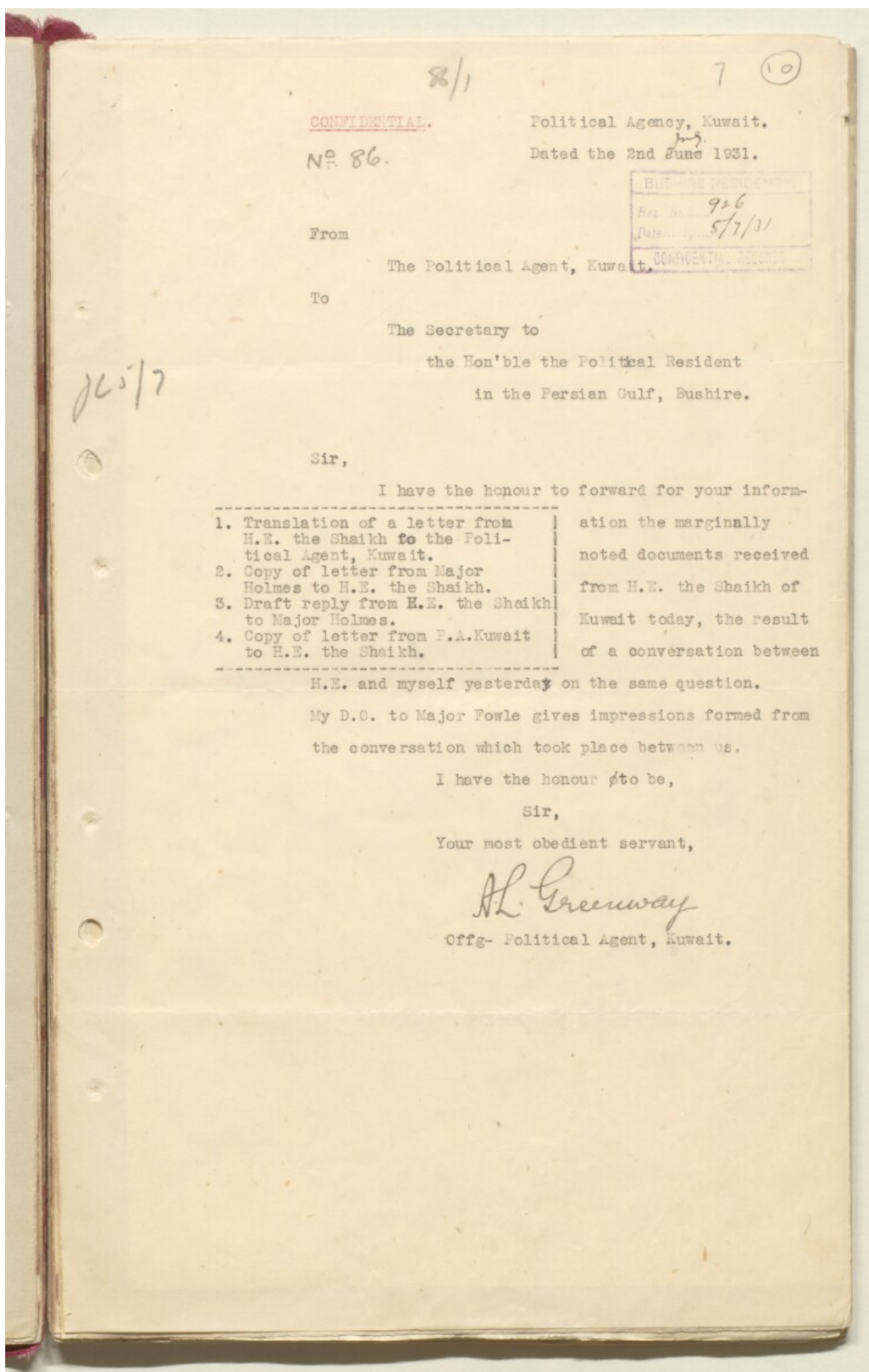
B

ut. Major,
Offg. Political Resident in the Persian Gulf.

JCA/6.

His Majesty's,
Secretary of State for the Colonies,
10, Downing Street,
LONDON.





8/1 7 (10)
CONFIDENTIAL.

Political Agency, Kuwait.

No 86.

Dated the 2nd June 1931.

From

The Political Agent, Kuwait.

To

The Secretary to
the Hon'ble the Political Resident
in the Persian Gulf, Bushire.

Sir,

I have the honour to forward for your inform-

- | | |
|---|---------------------------|
| 1. Translation of a letter from H.E. the Shaikh to the Political Agent, Kuwait. | ation the marginally |
| 2. Copy of letter from Major Holmes to H.E. the Shaikh. | noted documents received |
| 3. Draft reply from H.E. the Shaikh to Major Holmes. | from H.E. the Shaikh of |
| 4. Copy of letter from P.A. Kuwait to H.E. the Shaikh. | Kuwait today, the result |
| | of a conversation between |

H.E. and myself yesterday on the same question.

My D.O. to Major Fowle gives impressions formed from the conversation which took place between us.

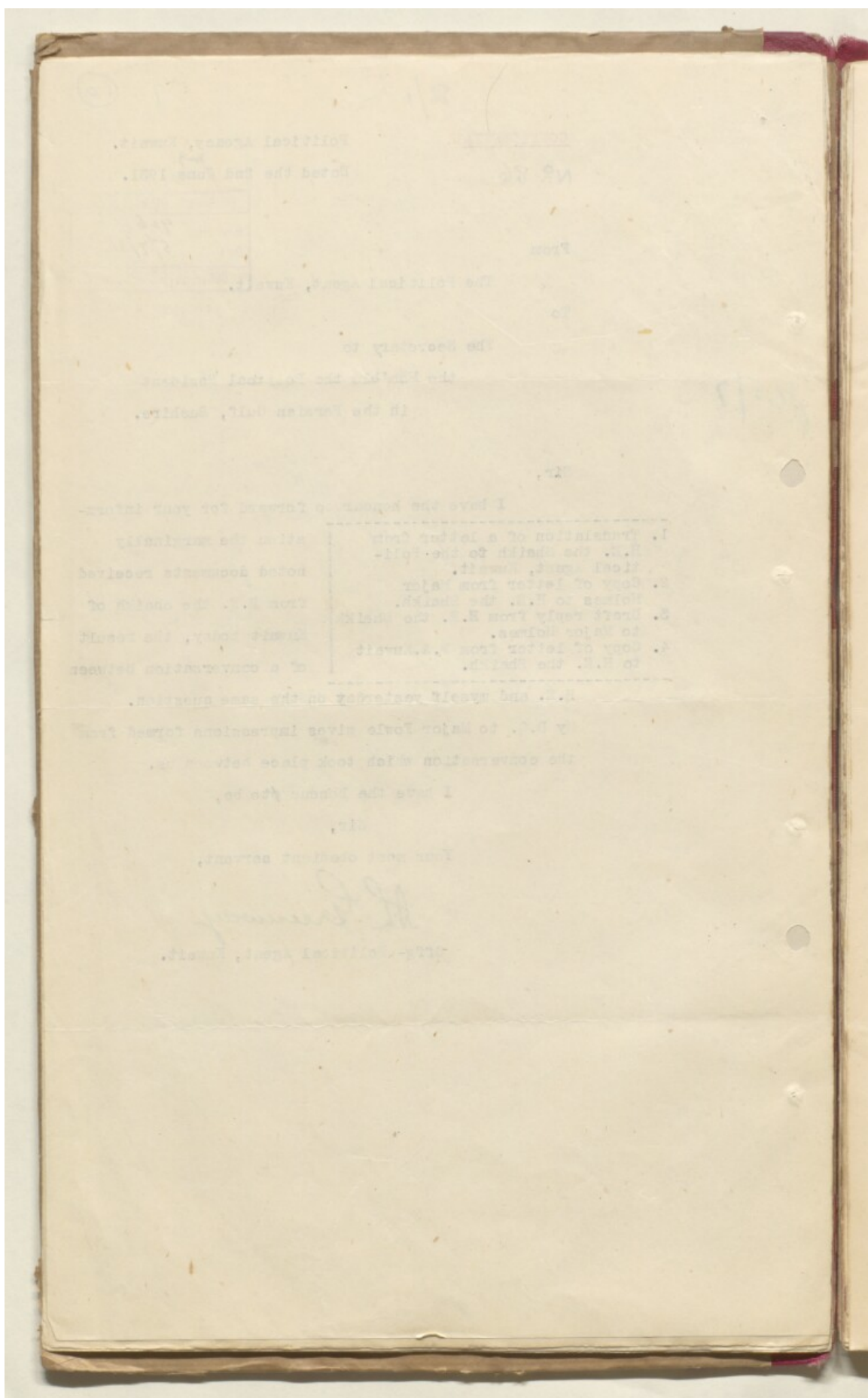
I have the honour to be,

Sir,

Your most obedient servant,

A.L. Greenway

Offg- Political Agent, Kuwait.





8 (11)

Translation of a confidential letter.

From - H. E. Shaikh Sir Ahmad al-Jabir as-Sabah,
K.C.I.E., C.S.I., Ruler of Kuwait.

To - The Political Agent, Kuwait.

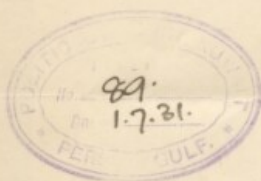
No. - Nil.

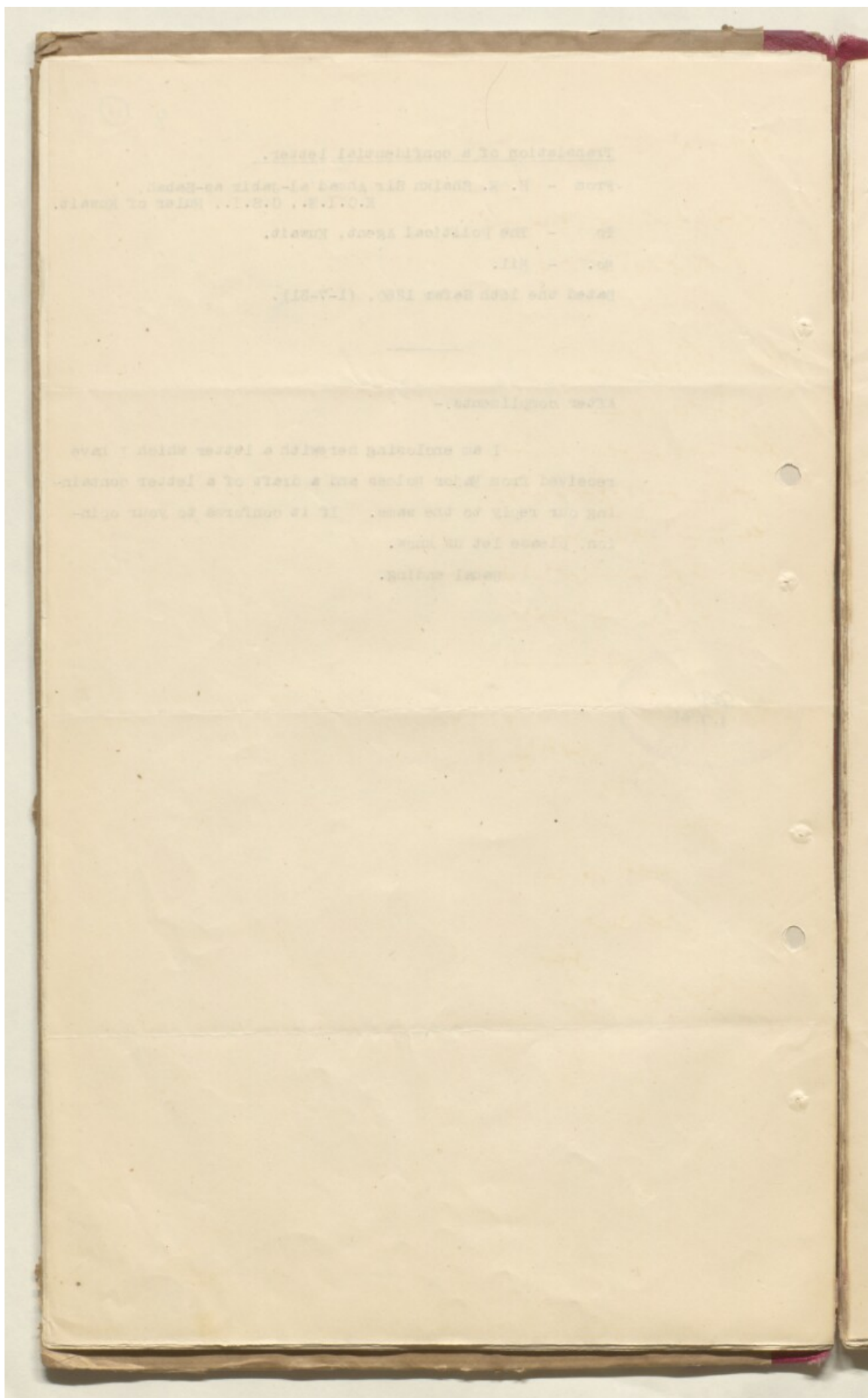
Dated the 15th Safar 1350, (1-7-31).

After compliments:-

I am enclosing herewith a letter which I have received from Major Holmes and a draft of a letter containing our reply to the same. If it conforms to your opinion, please let us know.

Usual ending.







الكويت - ٢٨ جمادى الأولى

Kuwait, 28th June 1931.

To,

His Excellency Shaikh Sir Ahmad
Al Jabir Al Subah, K.C.I.E., C.S.I.,
Ruler of Kuwait.

K U W A I T.

Your Excellency,

Greetings,

I should be much
pleased if I may have a reply from
Your Excellency emphasising Your
Excellency's willingness and approval
of my application for an oil concession
in Your Excellency's Territory, as Your
Excellency has recently promised me at
our verbal discussion.

Thanking Your
Excellency for Your kind attention in
this matter.

I am,

Sir.

Your obedient servant.

Frank Holmes.

For and on behalf of
The Eastern & General Syndicate
Ltd.

الى سعادة الشيخ سر محمد الجابر الصباح
كي سي. آي. سي. آي. سي. آي.
صالح الكويت

بعد زيارتي لكرم سعادتكم

سيدي الكرم مسرورا

جدا اذا احصل جوابا من سعادتكم

يرؤى رضاءكم واستحسانكم على

استدعائي عند امتياز النفط

في اراضي سعادتكم كما اعدتم

مخلصكم اخيرا بهذا كرتا

الشفاهة.

شاكر من الشفاهة

بهذا الخصوص

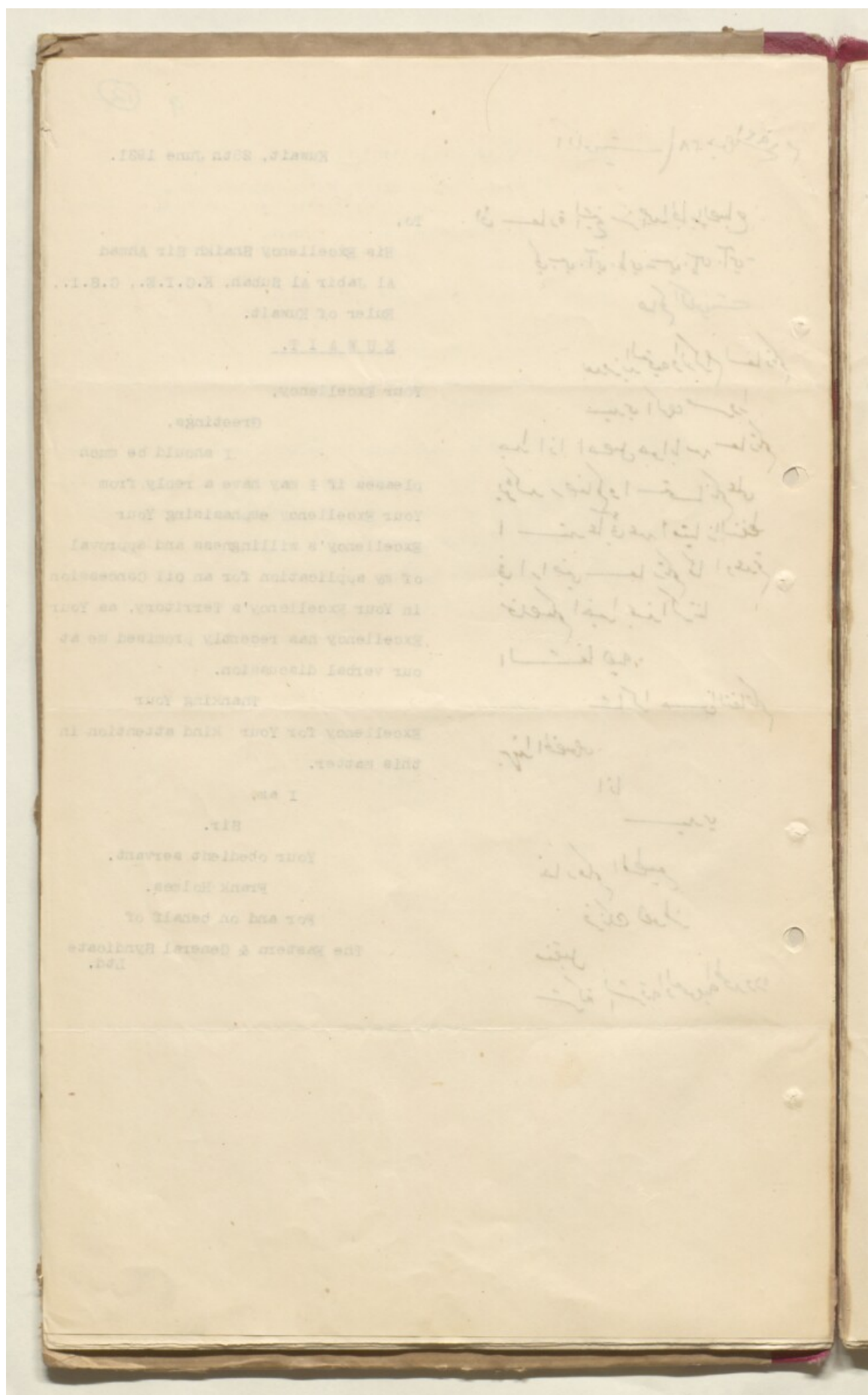
انا

سيدي

خادمكم الطميع

فرنك هولمز

من قبل
شركة الشرق الأوسط المحدودة





10 (13)
Translation of a draft letter.

From - H. B. the Ruler of Kuwait, K U W A I T.

To - Frank Holmes, K U W A I T.

No. - Nil.

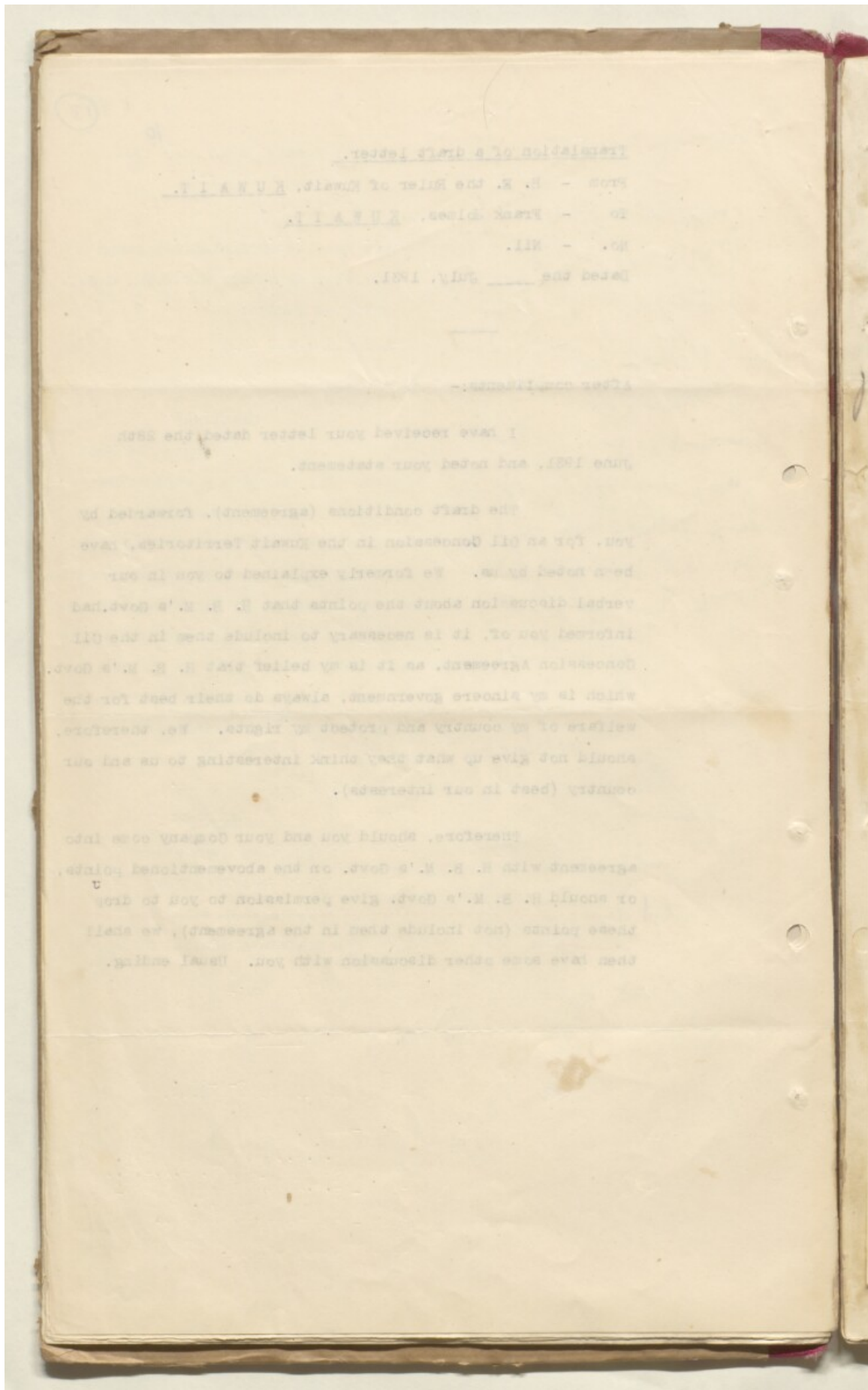
Dated the _____ July, 1931.

After compliments:-

I have received your letter dated the 28th June 1931, and noted your statement.

The draft conditions (agreement), forwarded by you, for an Oil Concession in the Kuwait Territories, have been noted by us. We formerly explained to you in our verbal discussion about the points that H. B. M.'s Govt. had informed you of, it is necessary to include them in the Oil Concession Agreement, as it is my belief that H. B. M.'s Govt. which is my sincere government, always do their best for the welfare of my country and protect my rights. We, therefore, should not give up what they think interesting to us and our country (best in our interests).

Therefore, should you and your Company come into agreement with H. B. M.'s Govt. on the abovementioned points, or should H. B. M.'s Govt. give permission to you to drop these points (not include them in the agreement), we shall then have some other discussion with you. Usual ending.





مكتوب - سرى
 من الوكيل السياسي - الكويت
 الى - صاحب السعادة الشيخ سرور الجابر الصباح
 كي. سي. آي. - سي. إس. آي.
 مقام الكويت
 ع. ٨٥
 مؤرخ - في ١٦ صفر ١٣٥٠ (١٩٣١)

بعد التحيه -
 شكركم جزيل الشكر لطفكم
 بارسانكم في آخر ما سلم به حارتكم
 واليخير فذلك هو لم في مسئلة انظار
 امتياز النفط وطبائكم فكري
 في مسودة مكتوبكم

ان حارتكم اوضحتم
 بمكتوبكم الى اليخير هو لم بصارة
 ظاهره مسوده لحداني لم اسطر
 اضافه - سيكتوب معادكم
 لا دخل عليه اي تحيد

اني ارجع مع جزيل الشكر
 مسودة مكتوبكم ومكتوب اليخير هو لم
 الى حارتكم هذا وتفضلوا
 بقبول فاني لاجتكم معتمدا
 A.L.G.

Confidential letter.

From - The Political Agent,
 Kuwait.
 To - H.E. Shaikh Sir Ahmad al-
 Jabir as-Sabah, K.C.I.E.,
 C.S.I., Ruler of Kuwait.
 No. - 85.

Dated the 16th Safar 1350,
 (2-7-31).

After compliments:-

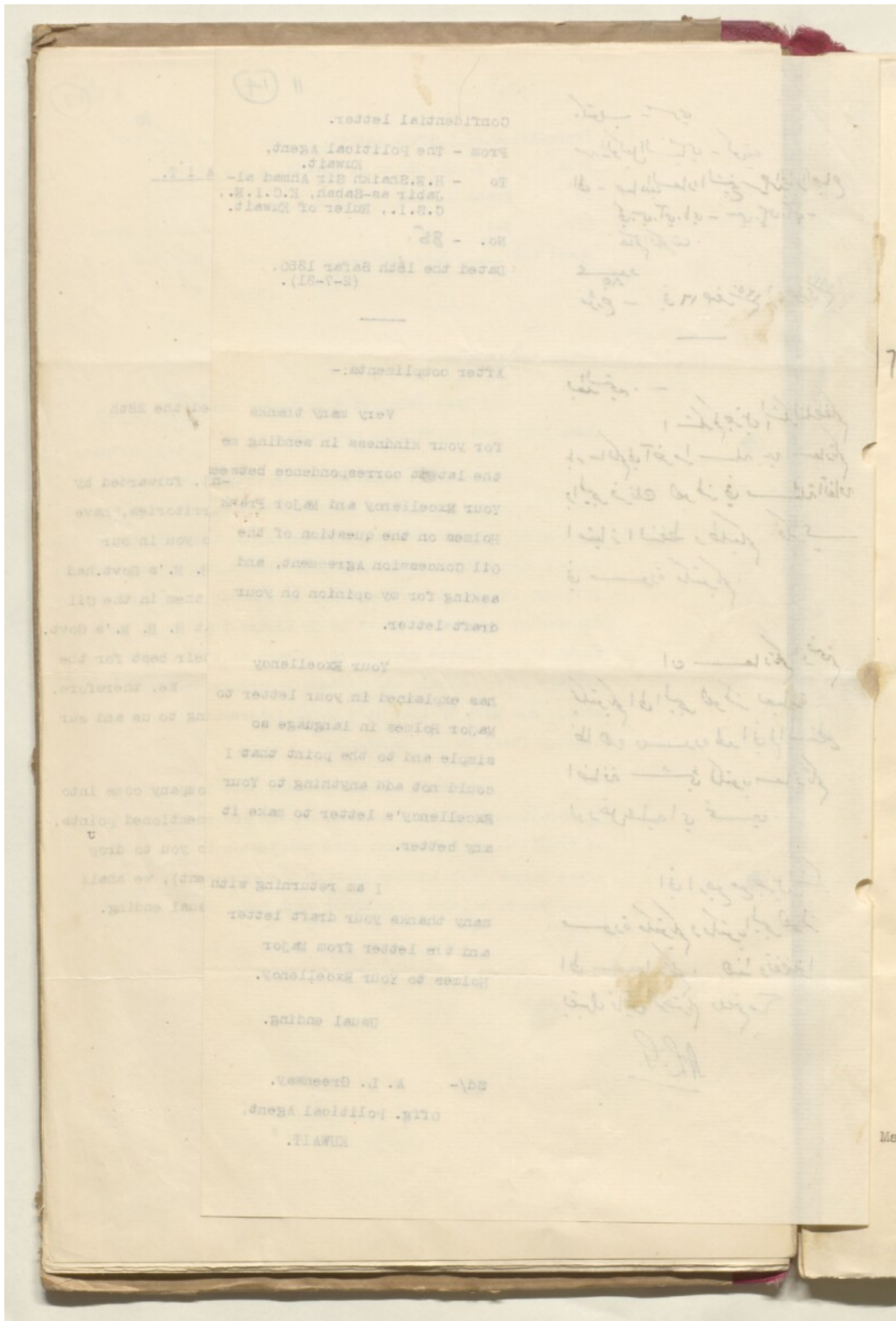
Very many thanks
 for your kindness in sending me
 the latest correspondence between
 Your Excellency and Major Frank
 Holmes on the question of the
 Oil Concession Agreement, and
 asking for my opinion on your
 draft letter.

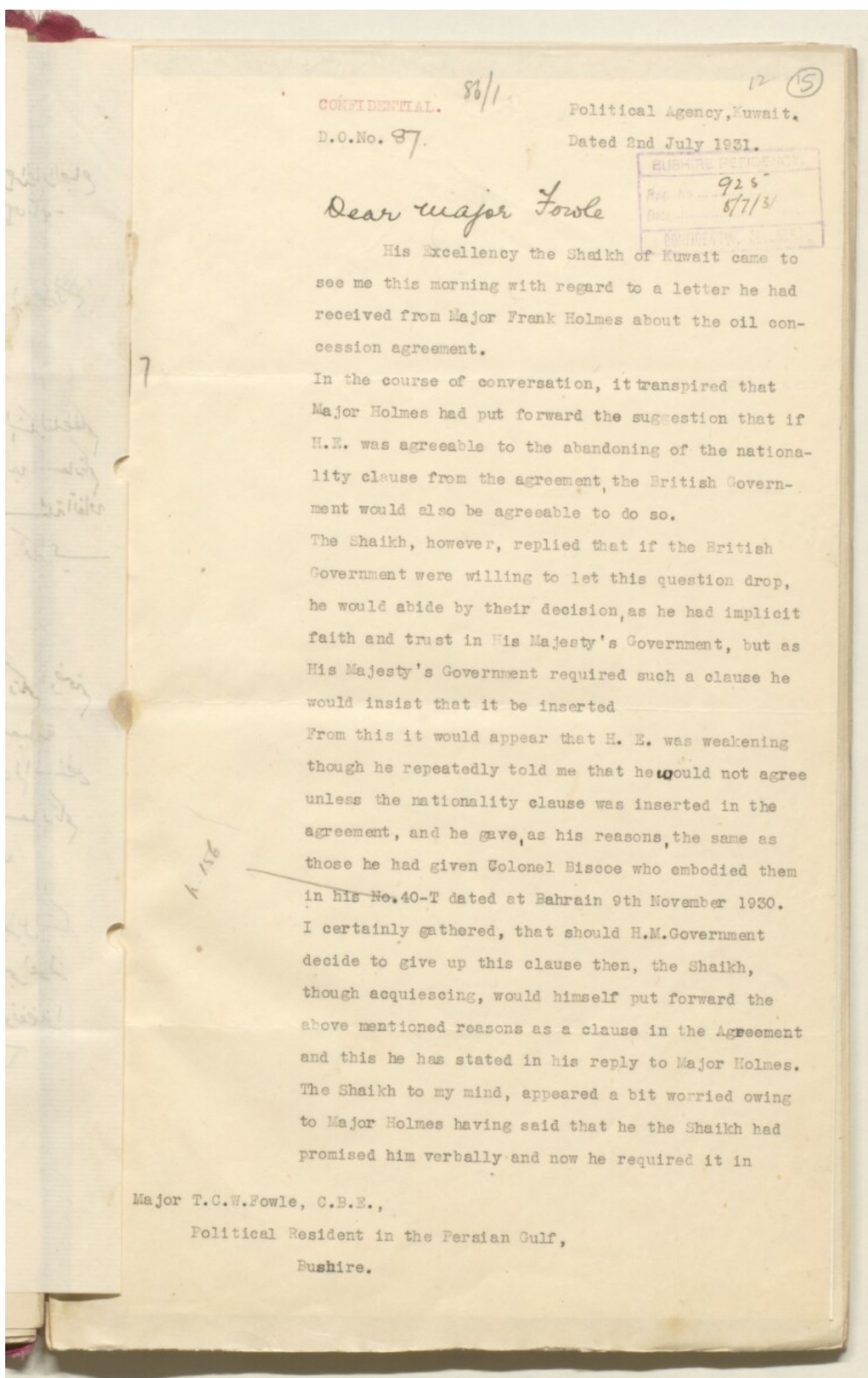
Your Excellency
 has explained in your letter to
 Major Holmes in language so
 simple and to the point that I
 could not add anything to Your
 Excellency's letter to make it
 any better.

I am returning with
 many thanks your draft letter
 and the letter from Major
 Holmes to Your Excellency.

Usual ending.

Sd/- A. L. Greenway.
 Offg. Political Agent,
 KUWAIT.





CONFIDENTIAL.

D.O.No. 87.

Political Agency, Kuwait.

Dated 2nd July 1931.

925
8/7/31

Dear Major Fowle

His Excellency the Shaikh of Kuwait came to see me this morning with regard to a letter he had received from Major Frank Holmes about the oil concession agreement.

In the course of conversation, it transpired that Major Holmes had put forward the suggestion that if H.E. was agreeable to the abandoning of the nationality clause from the agreement, the British Government would also be agreeable to do so.

The Shaikh, however, replied that if the British Government were willing to let this question drop, he would abide by their decision, as he had implicit faith and trust in His Majesty's Government, but as His Majesty's Government required such a clause he would insist that it be inserted

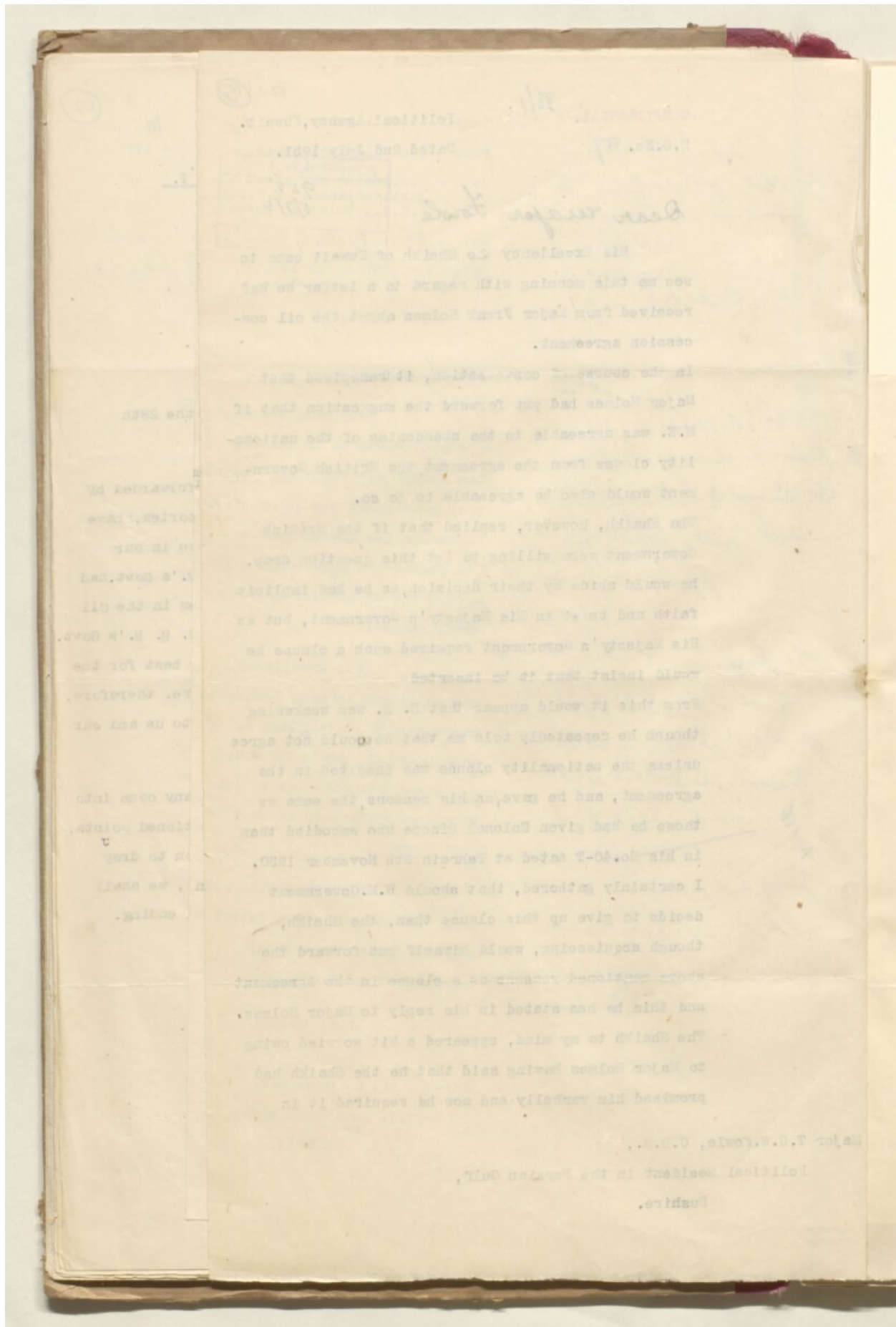
From this it would appear that H. E. was weakening though he repeatedly told me that he would not agree unless the nationality clause was inserted in the agreement, and he gave, as his reasons, the same as those he had given Colonel Biscoe who embodied them in his No. 40-T dated at Bahrain 9th November 1930.

I certainly gathered, that should H.M. Government decide to give up this clause then, the Shaikh, though acquiescing, would himself put forward the above mentioned reasons as a clause in the Agreement and this he has stated in his reply to Major Holmes. The Shaikh to my mind, appeared a bit worried owing to Major Holmes having said that he the Shaikh had promised him verbally and now he required it in

Major T.C.W. Fowle, C.B.E.,

Political Resident in the Persian Gulf,

Bushire.





13 (16)

writing.

This, I feel sure, is only another of this gentleman's artifices to gain his object, but I don't think the Shaikh can be hustled.

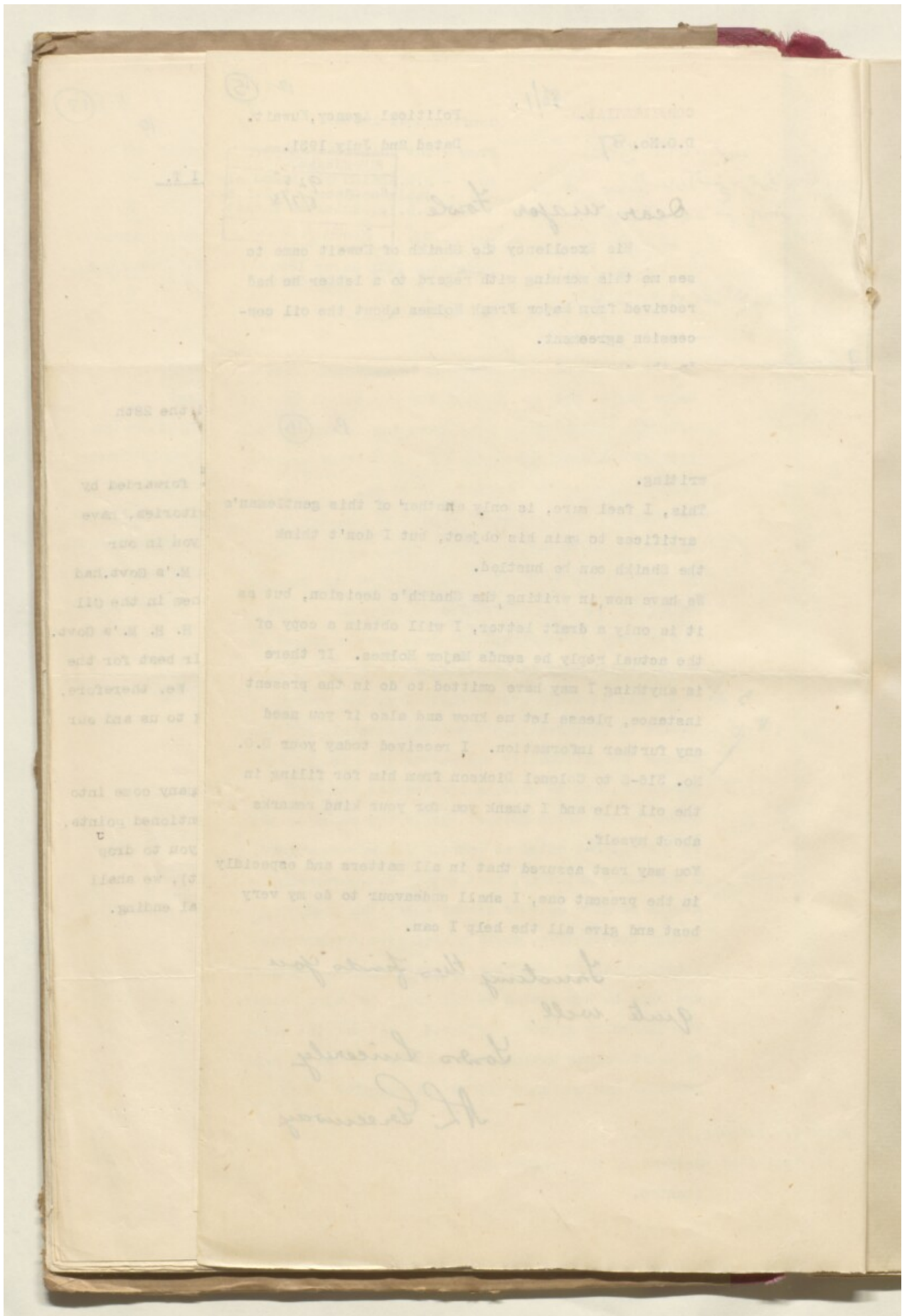
We have now, in writing, the Shaikh's decision, but as it is only a draft letter, I will obtain a copy of the actual reply he sends Major Holmes. If there is anything I may have omitted to do in the present instance, please let me know and also if you need any further information. I received today your D.O. No. 316-S to Colonel Dickson from him for filing in the oil file and I thank you for your kind remarks about myself.

You may rest assured that in all matters and especially in the present one, I shall endeavour to do my very best and give all the help I can.

Trusting this finds you quite well.

Yours Sincerely

A.L. Greenway





86/1

I.R.No 819 of 4.7.31.

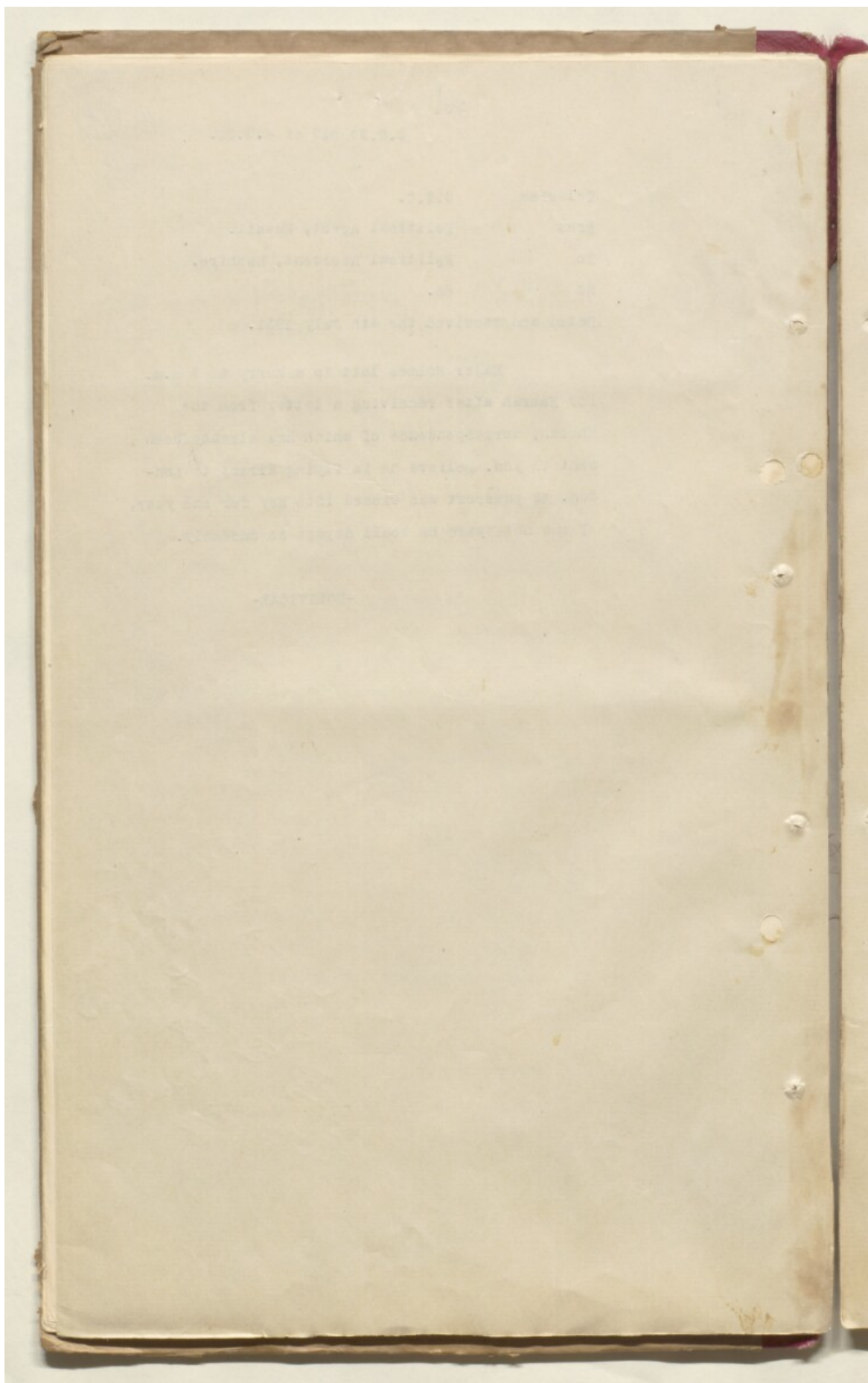
14 (17)

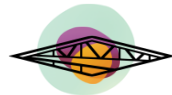
Telegram G.T.C.
From Political Agent, Kuwait.
To Political Resident, Bushire.
No 88.

Dated and received the 4th July 1931.

Major Holmes left in a hurry at 9 a.m.
for Basrah after receiving a letter from the
Sheikh, correspondence of which has already been
sent to you. Believe he is flying direct to Lon-
don. As passport was visaed 15th May for one year,
I was not aware he would depart so suddenly.

-POLITICAL-





76/1 15 (18)

Telegram G.T.C.
From Political Resident, Bushire.
To Political Agent, Kuwait.
No 392.
Dated the 7th July 1931.

IMPORTANT.

Your telegram No 88.

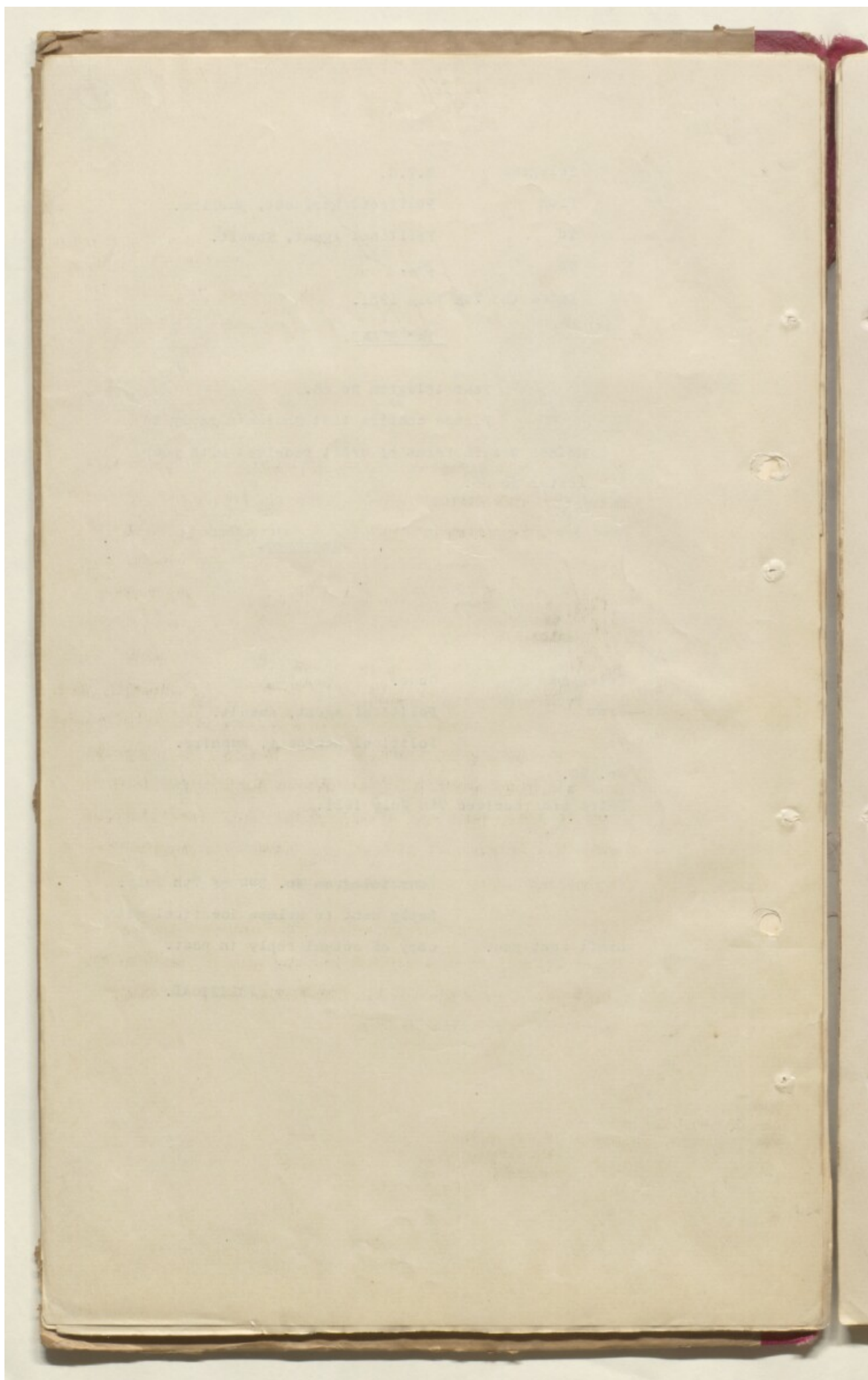
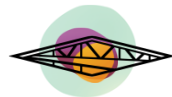
Please confirm that Shaikh's reply to
Holmes was in terms of draft received with your
letter No 86.

-RESIDENT-

Telegram Code.
From Political Agent, Kuwait.
To Political Resident, Bushire.
No. 90.
Dated and received 7th July 1931.

Your telegram No. 392 of 7th July.
Reply sent to Holmes identical with
draft sent you. copy of actual reply in post.

POLITICAL.





461
16 (19)
By Air Mail.

Confidential.

No.14.

British Residency & Consulate-
General,

Bushire, the 7th July 1931.

My Lord,

With reference to Your Lordship's telegram No.3,
dated the 28th January last, I have the honour to forward
for the information of His Majesty's Government a copy of

1. Translation of letter dated 1st
July 1931 from the Shaikh of Kuwait
to the Political Agent, Kuwait, with
enclosures(2). 18
2. Copy of letter No.85, dated 2nd July
1931, from the Political Agent, Kuwait
to the Shaikh of Kuwait. 11

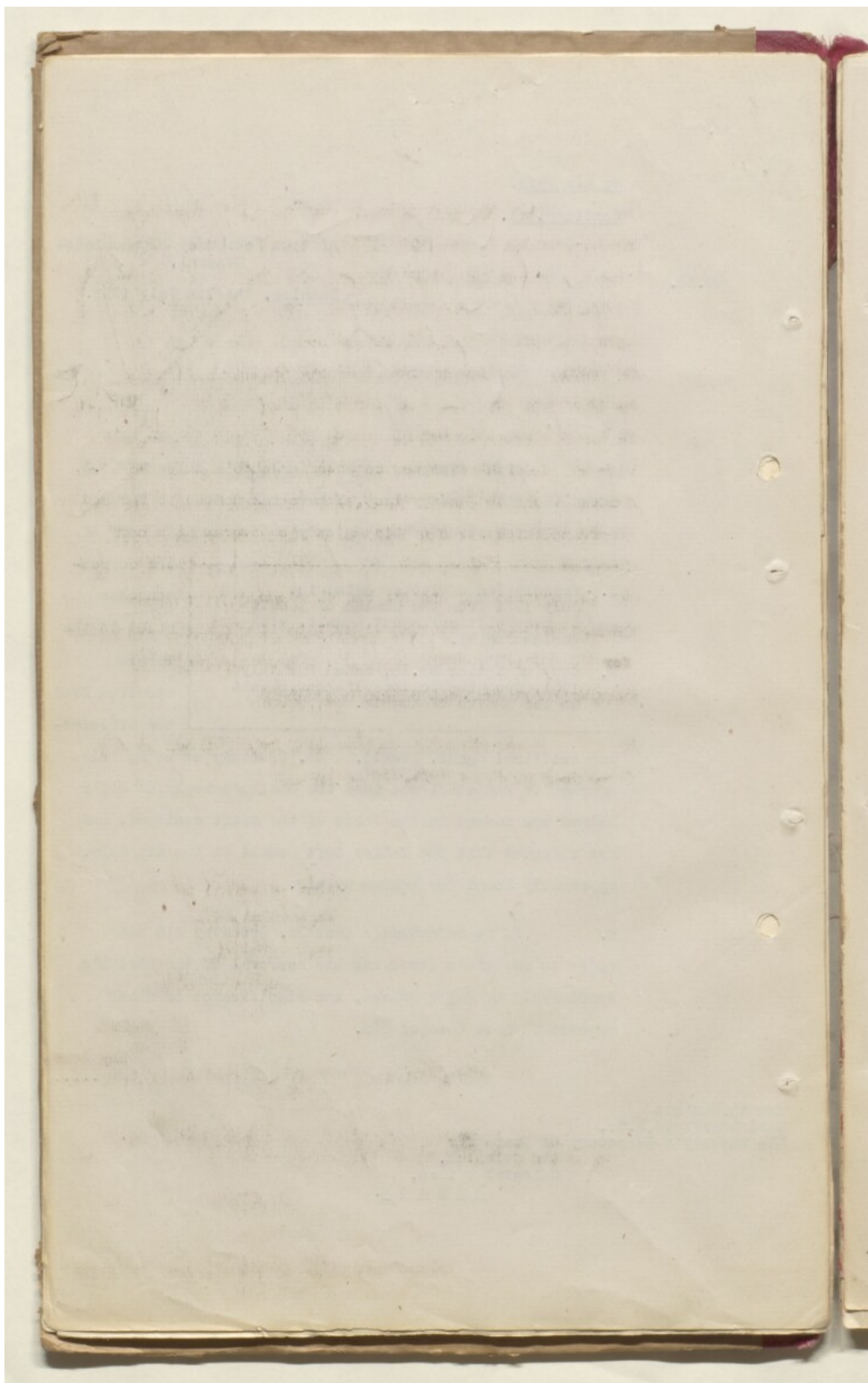
the corres-
pondence
cited in the
margin
received from
the Officiat-

ing Political Agent, Kuwait. Dr. Greenway, on being tele-
graphed to, has confirmed that the Shaikh's reply to Major
Holmes was issued in the terms of the draft enclosed, and
has reported that the latter left Kuwait on the 4th July,
apparently bound for London by air.

2. It is unfortunate that Dr. Greenway did not
refer to me before conveying his approval of the Shaikh's
draft reply to Major Holmes, the significance of which
appears to have escaped him.

3

The Rt.Hon'ble
Lord Passfield, P.C.,
His Majesty's Secretary of State for
the Colonies,
Colonial Office,
L o n d o n.





17 (20)

-2-

3. The attitude hitherto maintained by His Majesty's Government vis -a-vis the Eastern and General Syndicate was that the Shaikh of Kuwait himself insisted on the inclusion of the British Control Clause and that His Majesty's Government were not prepared to advise him to reconsider this attitude. It will be seen from the Shaikh's letter to Major Holmes that the former has retreated from the position he has hitherto maintained (vide paragraph 2 of Colonel Biscoe's despatch No.40.T,dated 9th November 1930), has now thrown on His Majesty's Government the onus of the insistence on the inclusion of the British Control Clause, and has informed Major Holmes that if His Majesty's Government agree to its omission he, the Shaikh, is prepared to discuss matters further. It will presumably be difficult therefore for His Majesty's Government to maintain vis-a-vis the Syndicate the attitude hitherto adopted.

4. I am sending a copy of this despatch and of its enclosures to the Government of India.

I have the honour to be,
Your Lordship's
most obedient,
humble servant,

dc.

Major,

Officiating Political Resident in the Persian Gulf.

.....

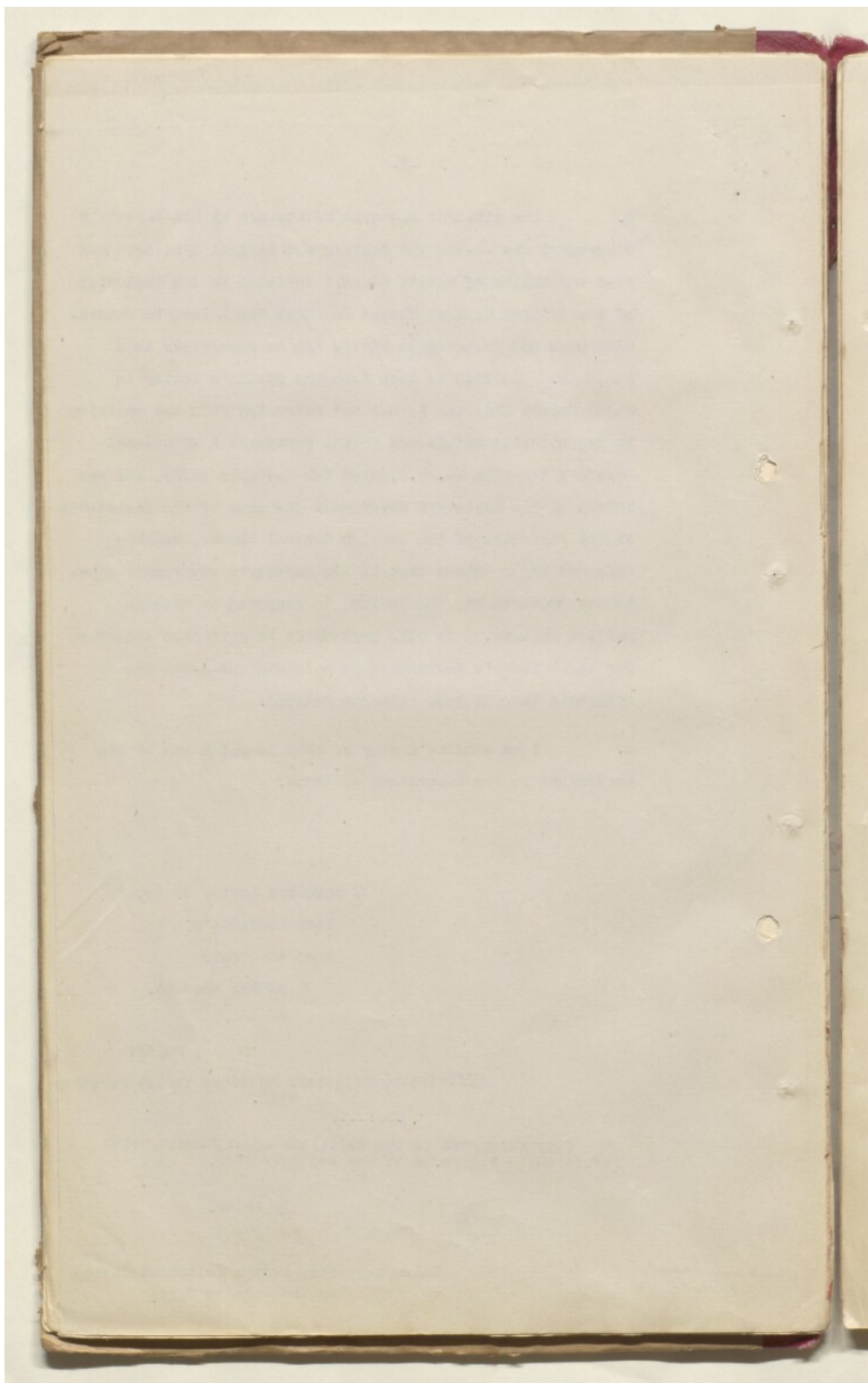
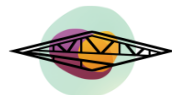
Copy forwarded to the Political Agent, Kuwait, with reference to his No.86 of the 2nd July 1931.

By Order.

8/7

Under Secretary to the Political Resident
in the Persian Gulf.

sent under Indent.
No 484-5 of 7/7/31.
A





86/1

B (21)

I.R.NO 831 of 8.7.31

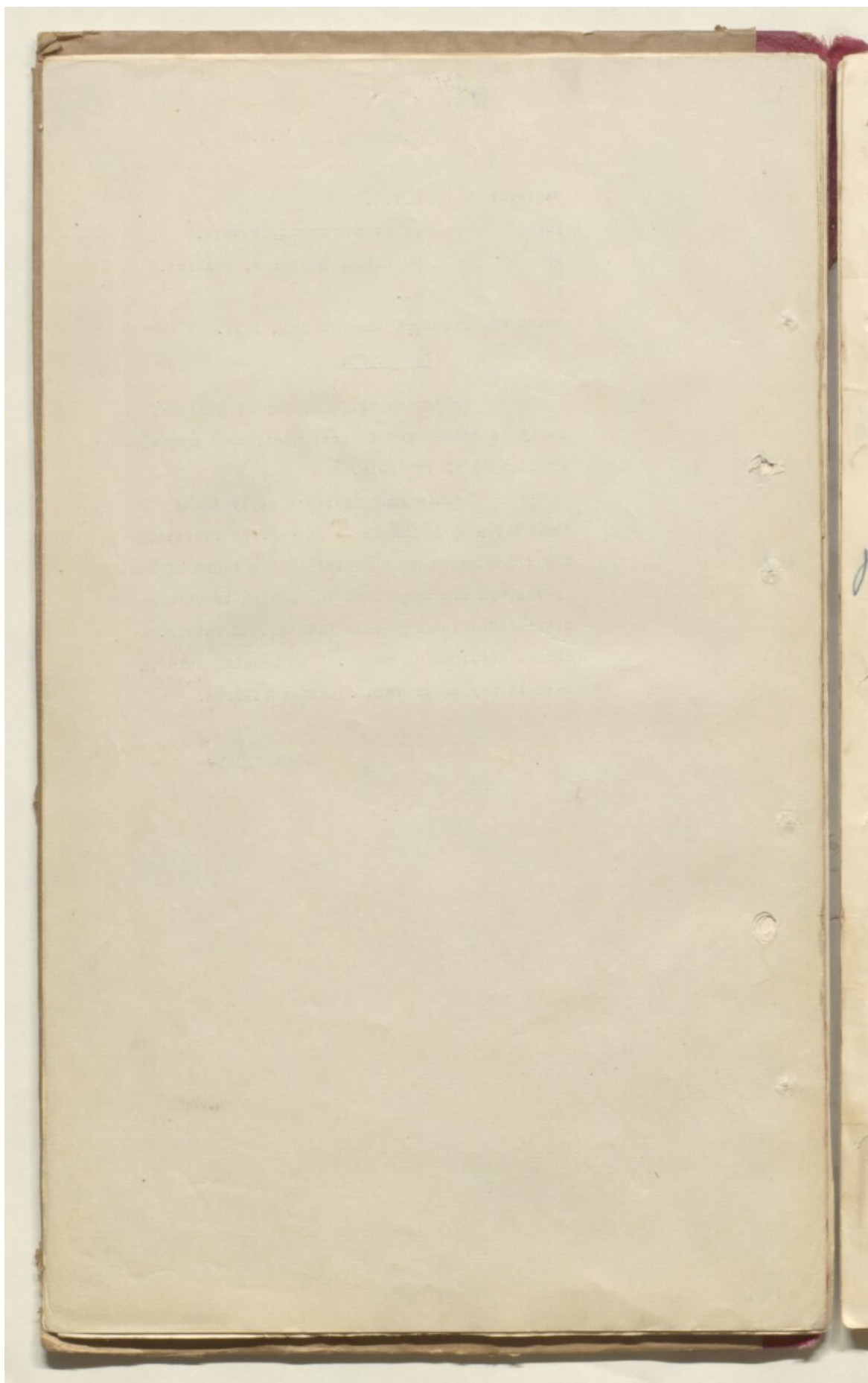
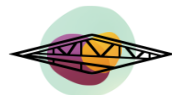
Telegram G.T.C.
From Political Agent, Kuwait.
To Political Resident, Bushire.
No 91.
Dated and received the 8th July 1931.

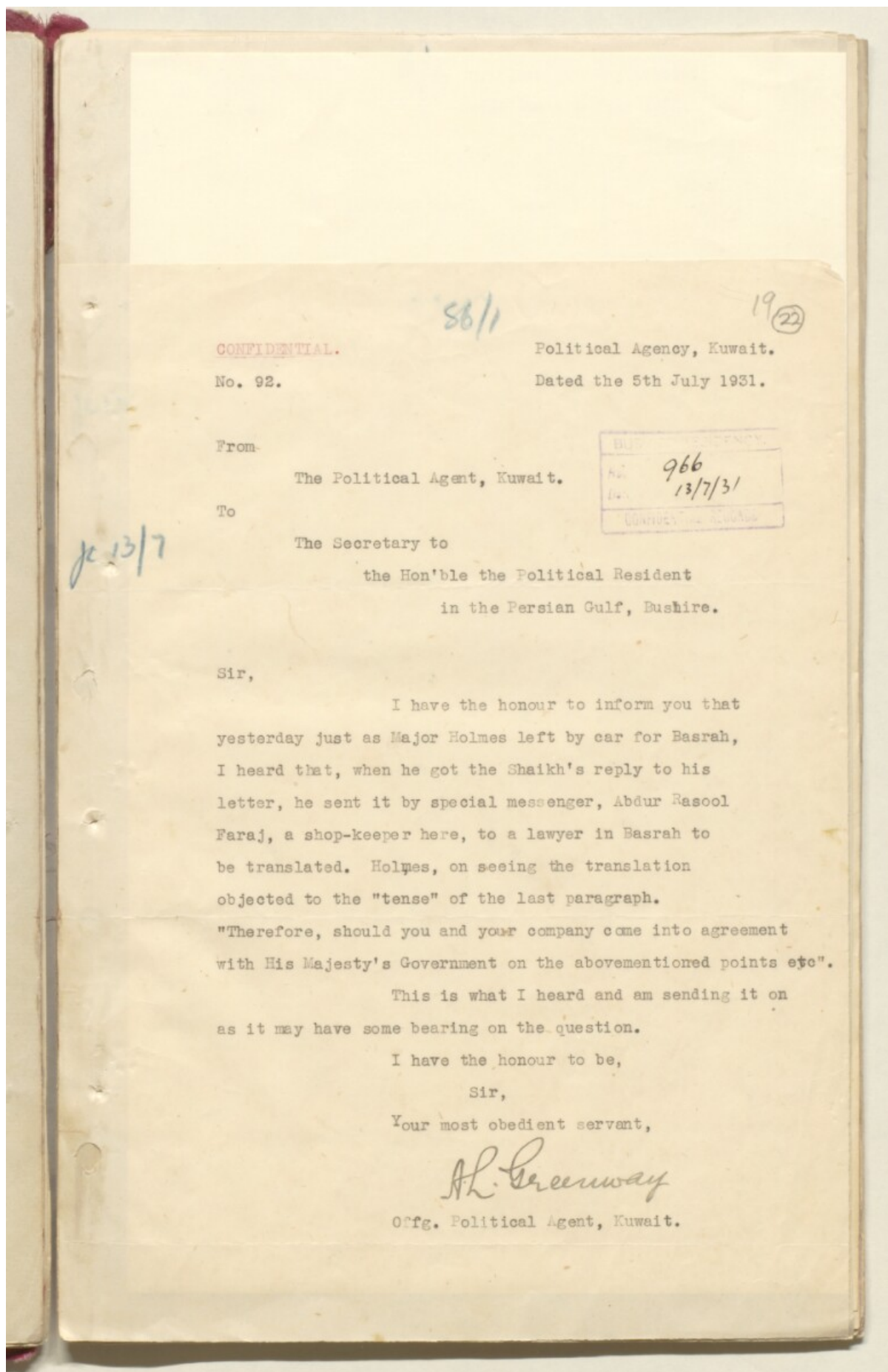
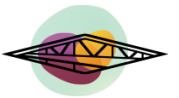
IMPORTANT.

Reference draft letter of sheikh's
reply to Holmes and in continuation of my tele-
gram No 90 of 7th July.

L-15
Holmes sent Sheikh's reply to be
translated by a lawyer ⁱⁿ Basrah. On receiving
the translation he objected to the tense of last
paragraph and requested the Sheikh to change
conditional future tense into actual future.
Sheikh declined to do so. I am sending this in
case it may be of value. Letter follows.

7
-POLITICAL-





CONFIDENTIAL.

No. 92.

Political Agency, Kuwait.

Dated the 5th July 1931.

From-

The Political Agent, Kuwait.

To

The Secretary to
the Hon'ble the Political Resident
in the Persian Gulf, Bushire.

Sir,

I have the honour to inform you that yesterday just as Major Holmes left by car for Basrah, I heard that, when he got the Shaikh's reply to his letter, he sent it by special messenger, Abdur Rasool Faraj, a shop-keeper here, to a lawyer in Basrah to be translated. Holmes, on seeing the translation objected to the "tense" of the last paragraph.

"Therefore, should you and your company come into agreement with His Majesty's Government on the abovementioned points etc".

This is what I heard and am sending it on as it may have some bearing on the question.

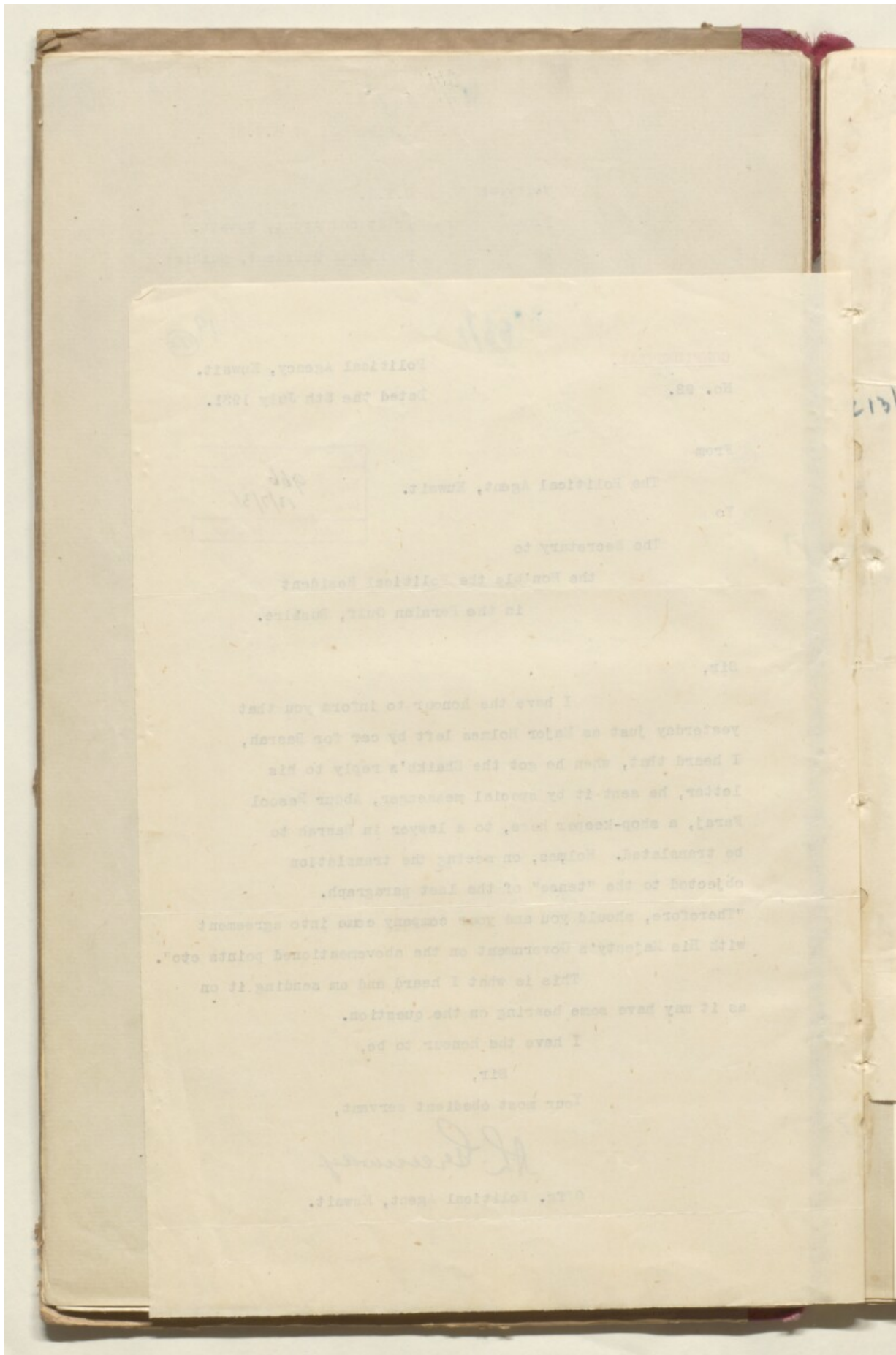
I have the honour to be,

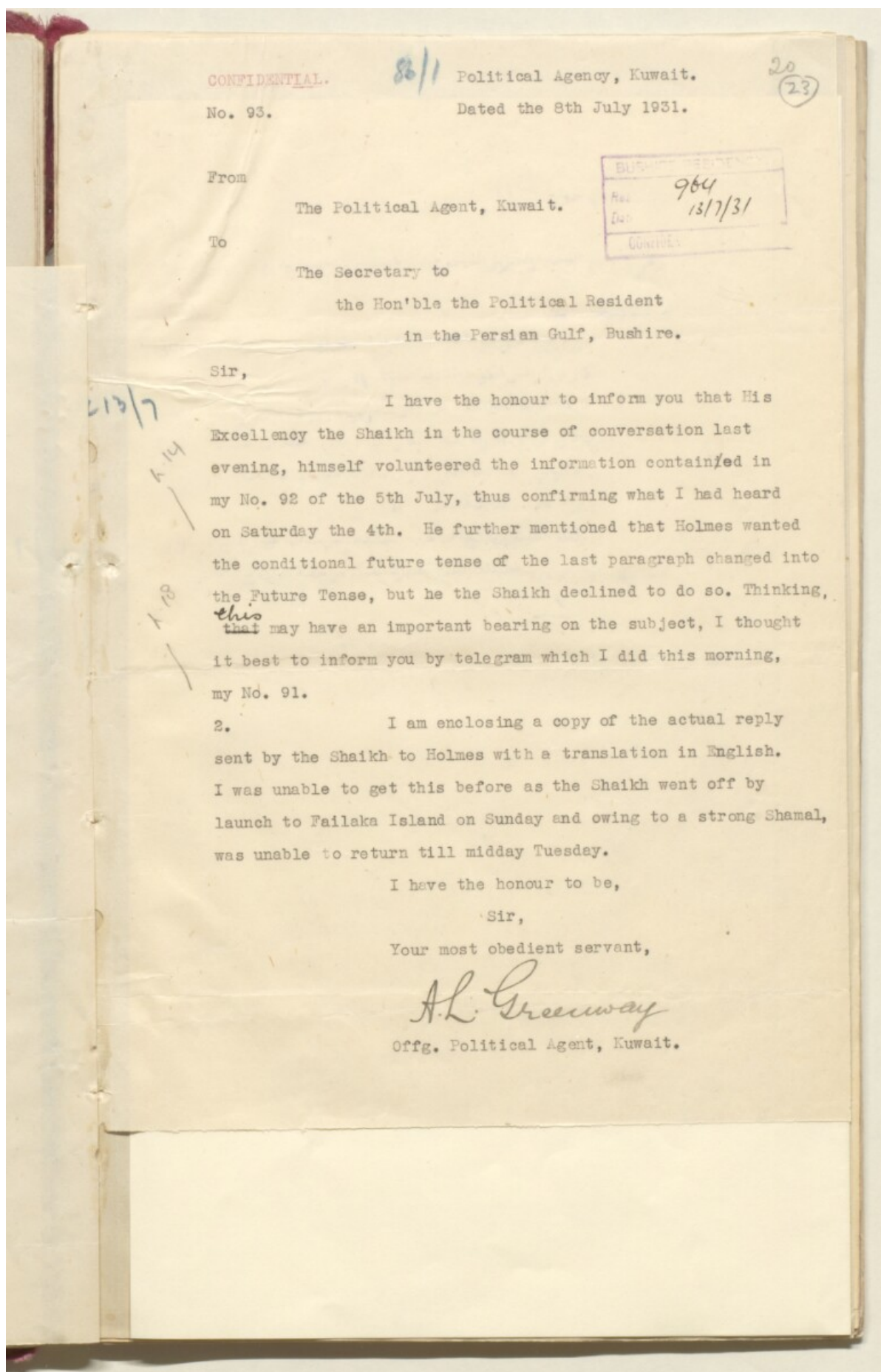
Sir,

Your most obedient servant,

A.L. Greenway

Offg. Political Agent, Kuwait.





CONFIDENTIAL.

86/1

Political Agency, Kuwait.

20
(23)

No. 93.

Dated the 8th July 1931.

From

The Political Agent, Kuwait.

To

The Secretary to

the Hon'ble the Political Resident

in the Persian Gulf, Bushire.

Sir,

13/7
1.14
1.18
I have the honour to inform you that His Excellency the Shaikh in the course of conversation last evening, himself volunteered the information contained in my No. 92 of the 5th July, thus confirming what I had heard on Saturday the 4th. He further mentioned that Holmes wanted the conditional future tense of the last paragraph changed into the Future Tense, but he the Shaikh declined to do so. Thinking, ^{this} ~~that~~ may have an important bearing on the subject, I thought it best to inform you by telegram which I did this morning, my No. 91.

2.

I am enclosing a copy of the actual reply sent by the Shaikh to Holmes with a translation in English. I was unable to get this before as the Shaikh went off by launch to Failaka Island on Sunday and owing to a strong Shamal, was unable to return till midday Tuesday.

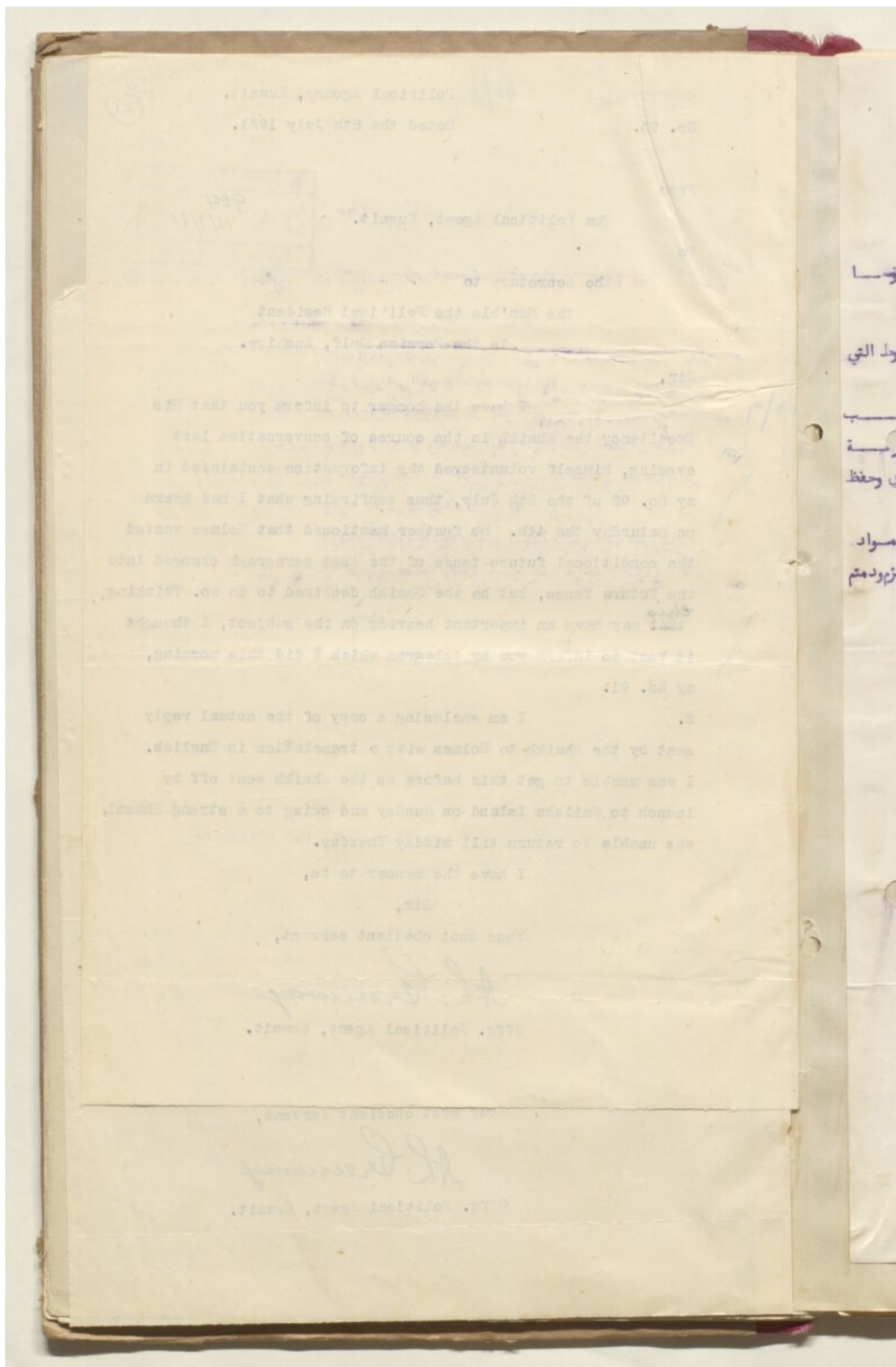
I have the honour to be,

Sir,

Your most obedient servant,

A.L. Greenway

Offg. Political Agent, Kuwait.





21
(24)

كویت ١٦ صفر ١٣٥٠ موافق ٢ جولي ١٩٣١

حضرة الأجل الافخم حميد الشيم المحب العزيز الميجر فريك هولمز المحترم دام محرفوسا

بعد الشيم //

وصلني كتابكم المؤرخ ٢٨ جون ١٩٣١ وماذا كنتم صار هولمز - نسخة الشروط التي
قدمتموها لأجل امتياز لعمل الكاز في اراضي الكويت اذ وثقا عليها //

نحن قد بينا لكم في مذاكرتنا الشفاهية عن المواد التي بينتها لكم حكومة صاحب
الجلالة البريطانية ان ادماجها لازم في اي مقاوله بعمل الكاز - لأنسي اعتقد ان حكم
صاحب الجلالة البريطانية هي حكومتها الصادقة التي لازال باذله عنايتها المصلحة بلادي وحفظ
حقوقنا - فنبقي ان لا نترك ما تراء مفيدا لنا ولبلادنا //

بنا* عليه اذ انتم وشركتكم اعتقدتم مع حكومة صاحب الجلالة البريطانية على تلك الصواد
التي بينتها لكم وسمحت لكم في القائها - فحينئذ نحن يصير لنا همكم مراجعة اخرى هذا الامر ودمتم

Translation of the above letter.

From - H. B. the Ruler of Kuwait, K U W A I T.

To - Frank Holmes, K U W A I T.

No. - Nil.

Dated the 16th Safar 1350, (2-7-31).

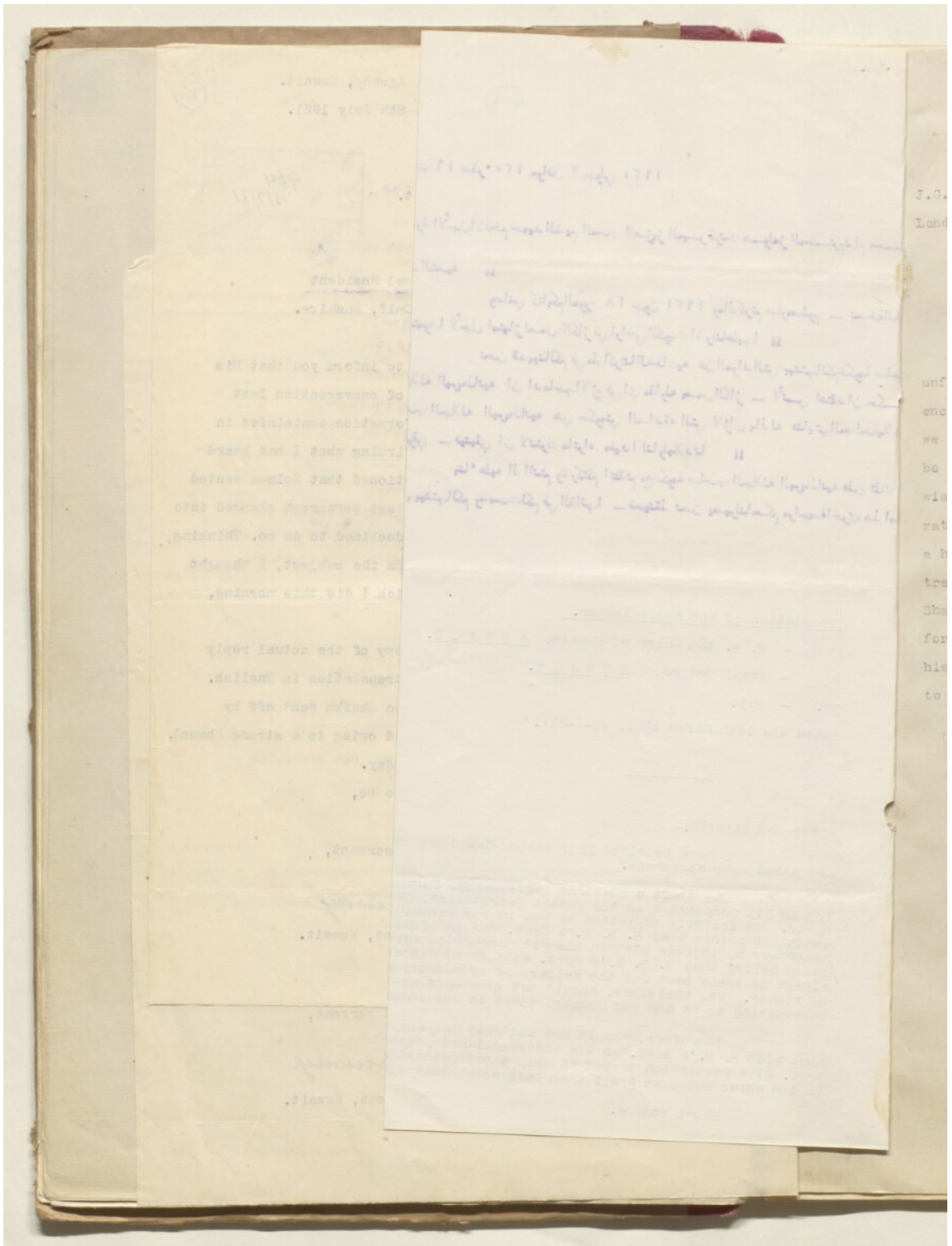
After compliments:-

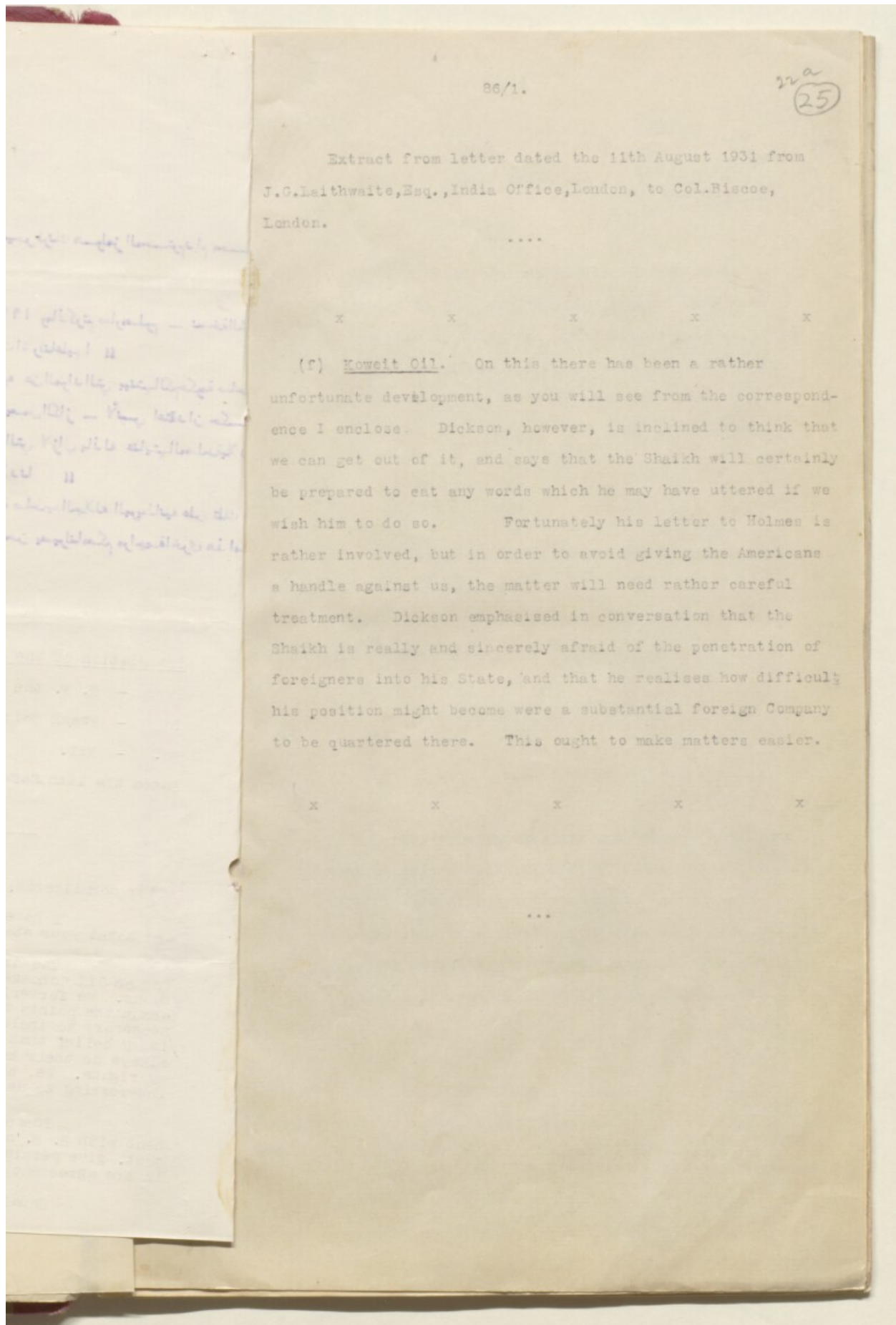
I have received your letter dated the 28th June 1931,
and noted your statement.

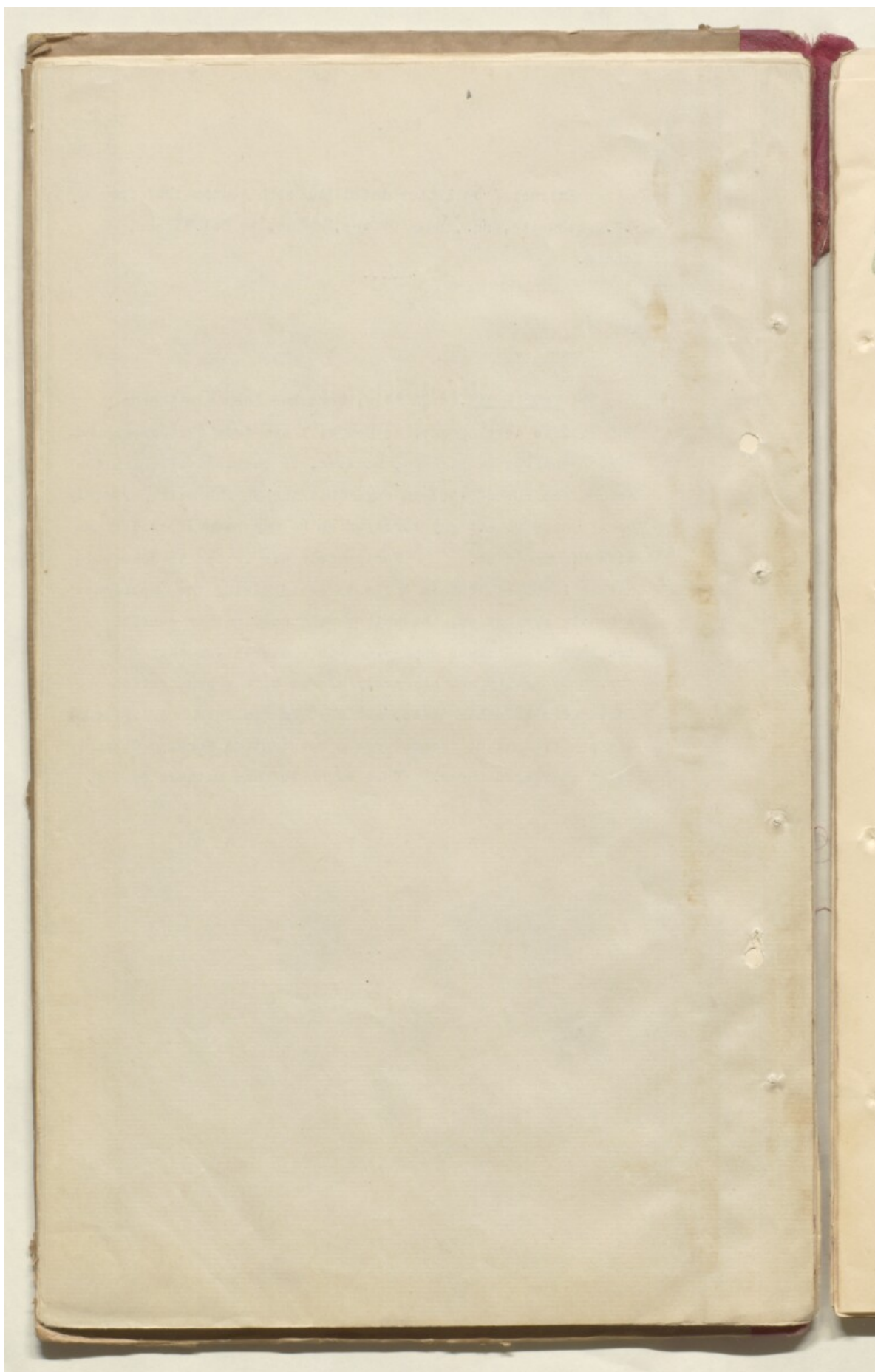
The draft conditions (agreement), forwarded by you,
for an Oil Concession in the Kuwait Territories, have been noted
by us. we formerly explained to you in our verbal discussion,
about the points that H. B. M.'s Govt. had informed you of, it is
necessary to include them in the Oil Concession Agreement, as it
is my belief that H. B. M.'s Govt. which is my sincere government,
always do their best for the welfare of my country and protect
my rights. We, therefore, should not give up what they think
interesting to us and our country (Best in our interest).

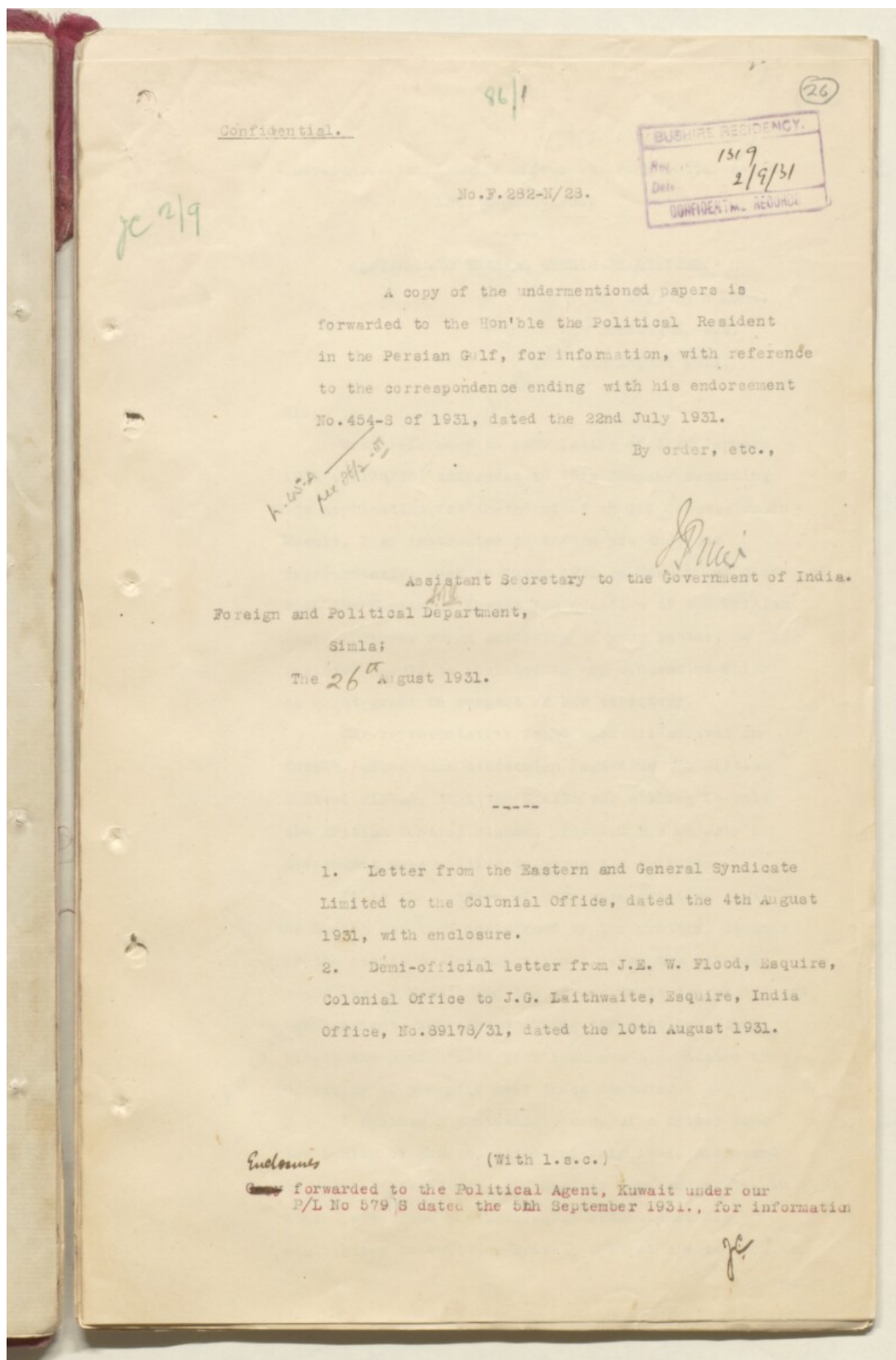
Therefore, should you and your Company come into agree-
ment with H. M.'s Govt. on the abovementioned points, or should H.M.'s
Govt. give permission to you to drop these points (not include them
in the agreement), we shall then have some other discussion with you.

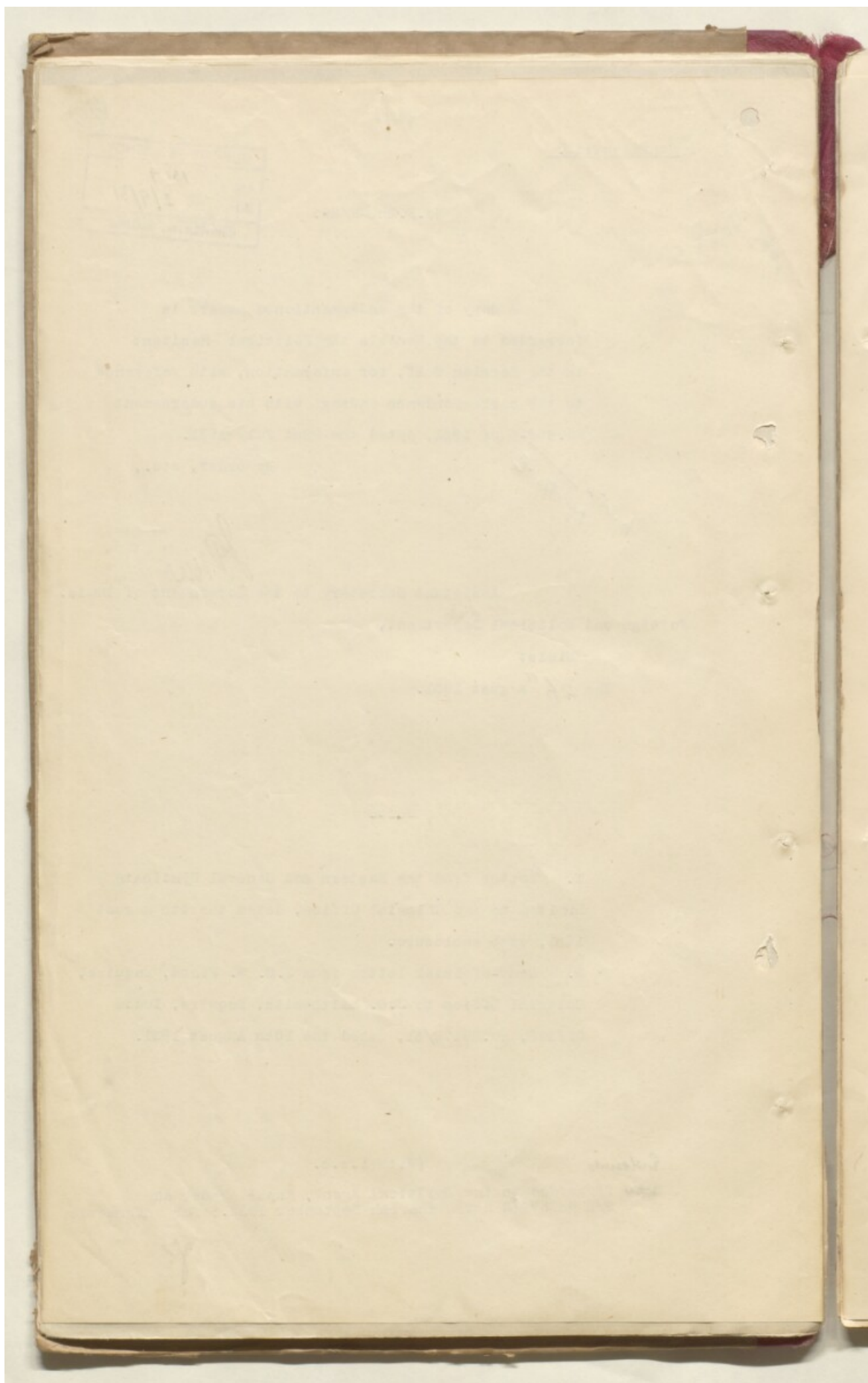
Usual ending.

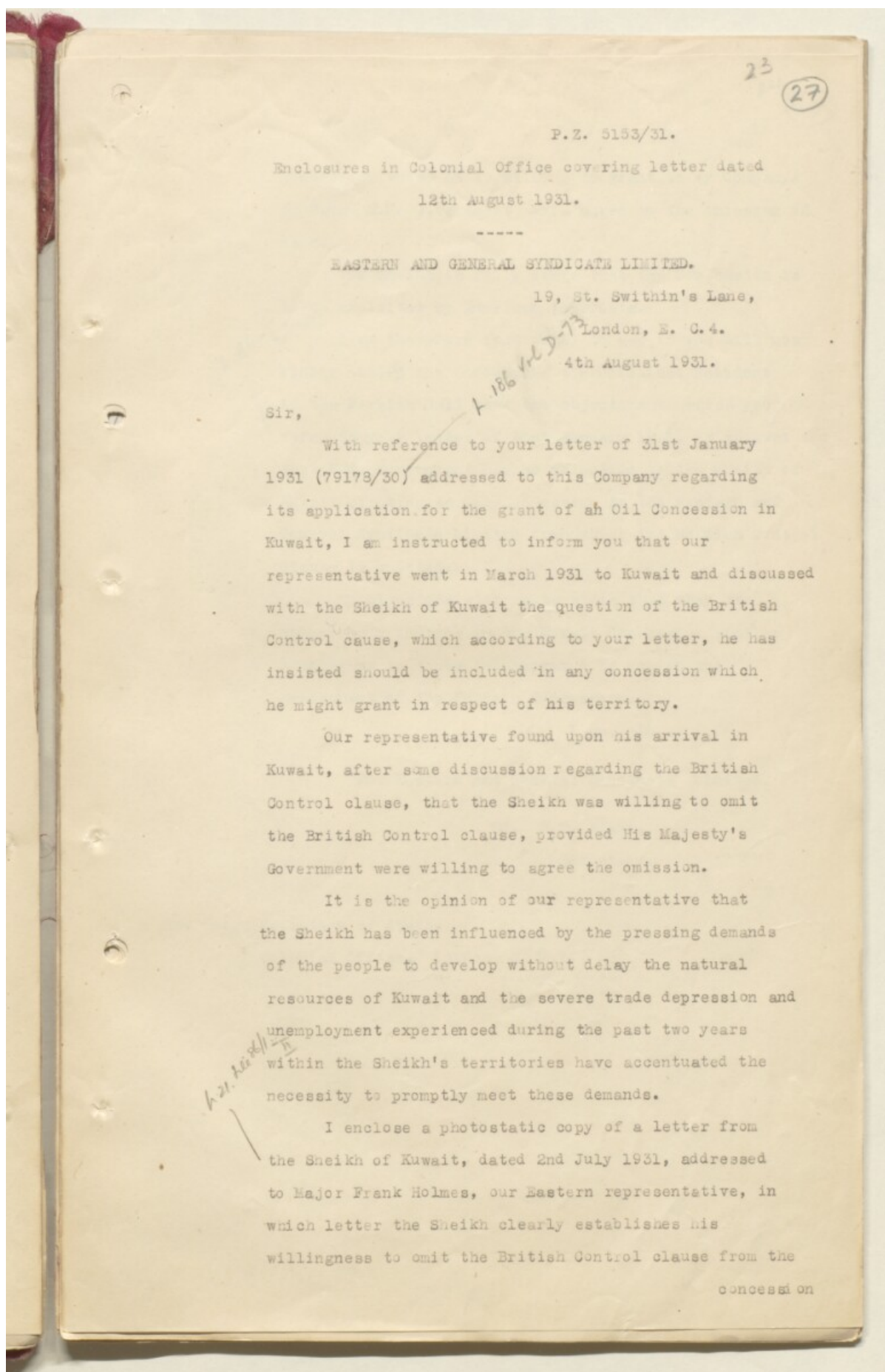












P.Z. 5153/31.

Enclosures in Colonial Office covering letter dated
12th August 1931.

EASTERN AND GENERAL SYNDICATE LIMITED.

19, St. Swithin's Lane,

London, E. C. 4.

4th August 1931.

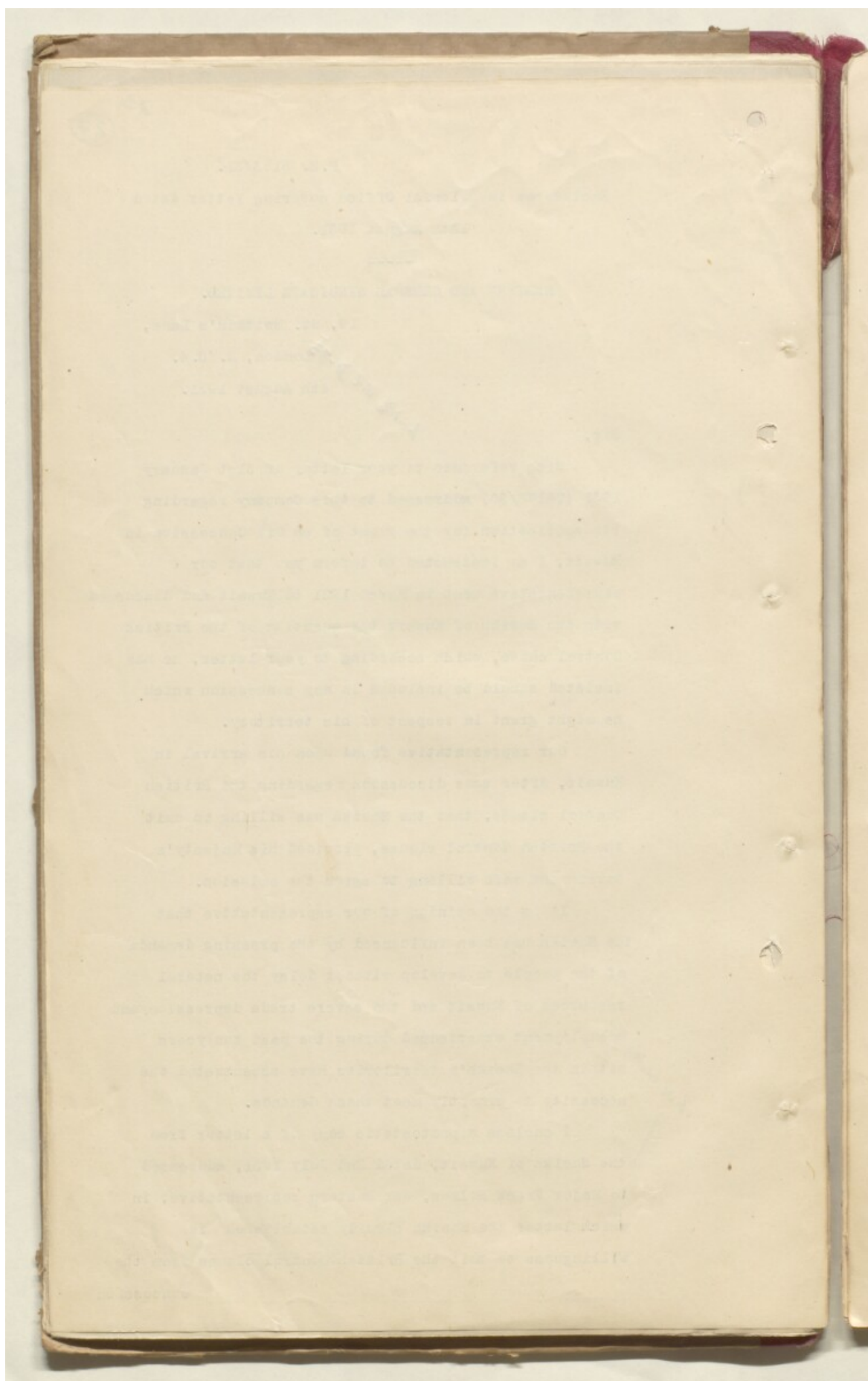
Sir,

With reference to your letter of 31st January 1931 (79178/30) addressed to this Company regarding its application for the grant of an Oil Concession in Kuwait, I am instructed to inform you that our representative went in March 1931 to Kuwait and discussed with the Sheikh of Kuwait the question of the British Control clause, which according to your letter, he has insisted should be included in any concession which he might grant in respect of his territory.

Our representative found upon his arrival in Kuwait, after some discussion regarding the British Control clause, that the Sheikh was willing to omit the British Control clause, provided His Majesty's Government were willing to agree the omission.

It is the opinion of our representative that the Sheikh has been influenced by the pressing demands of the people to develop without delay the natural resources of Kuwait and the severe trade depression and unemployment experienced during the past two years within the Sheikh's territories have accentuated the necessity to promptly meet these demands.

I enclose a photostatic copy of a letter from the Sheikh of Kuwait, dated 2nd July 1931, addressed to Major Frank Holmes, our Eastern representative, in which letter the Sheikh clearly establishes his willingness to omit the British Control clause from the concession





24
28
concession which he is willing to grant to my Company,
provided H.M. Government will agree to the omission of
same.

The Sheikh is fully aware that the Concession is
to be exploited by American interests.

186vI/103/1
I am therefore instructed to ask if you will now
kindly notify the Honourable the Political Resident
in the Persian Gulf that the objection to which you
refer in your letter of 31st January 1931, is removed and
that H.M. Government has no objection to the Sheikh of
Kuwait granting an Oil Concession to the Eastern and
General Syndicate Limited from which the British Control
clause is omitted.

My Directors wish me to state that they are
prepared to include in the Kuwait Concession similar
conditions to those incorporated by you in the
Assignment of the Bahrein Concession.

I am, etc.,

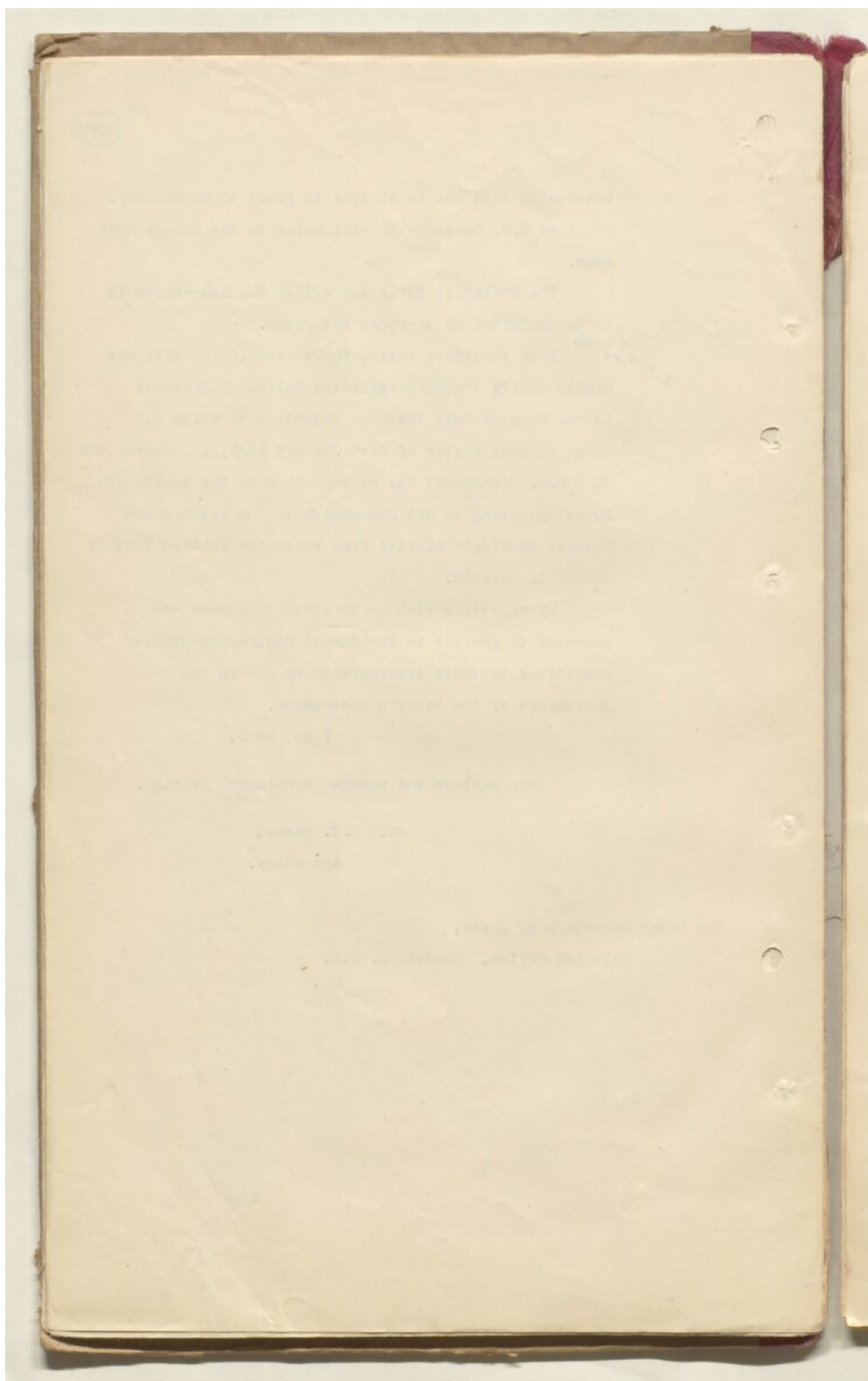
For Eastern and General Syndicate Limited.

Sd. H.T. Adams,

Secretary.

The Under Secretary of State,

Colonial Office, London, S. W.1.





25 (29)

Kuwait, 16 Sefar 1350

2nd July, 1931.

To

Major Frank Holmes.

After Greetings,

I am in receipt of your letter dated 23th June 1931 contents of which are noted. The Draft of the conditions which you have presented for an oil concession in the territories of Kuwait has been considered by us.

We have mentioned to you in the course of our conversations regarding the clauses which have been indicated to you by H.B.M's Government, that their incorporation in an oil concession is necessary. Because I believe that H.B.M's Government is my own sincere Government which is always evoking its care to the welfare of my country and the safeguard of my rights. We must not ignore what it considers useful to us and to our country.

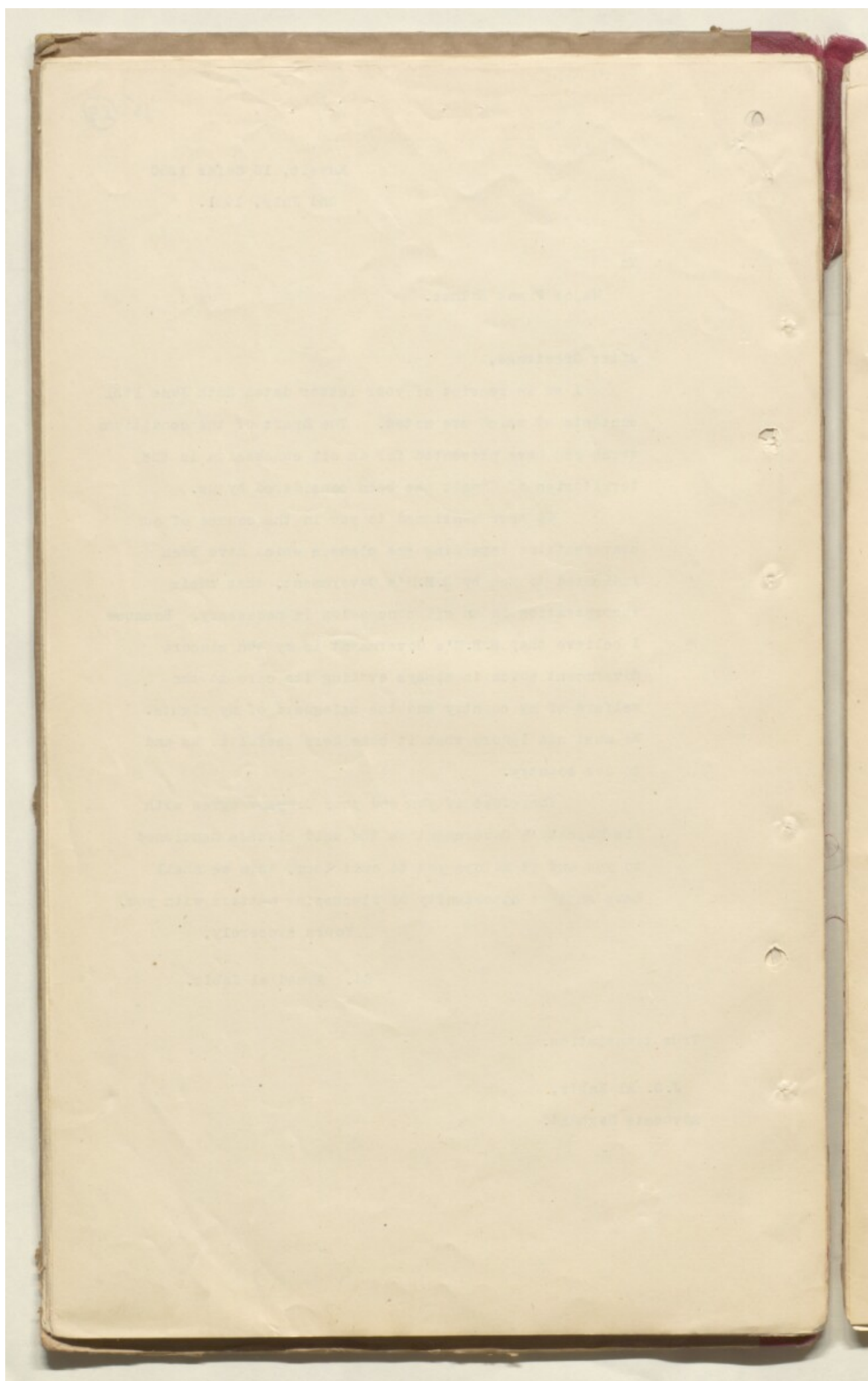
Therefore if you and your Company agree with His Majesty's Government on the said clauses mentioned to you and it allows you to omit them, then we shall have another opportunity of discussing matters with you.

Yours sincerely,

Sd. Ahmad al Jabir.

True translation.

J.S. El Kabir,
Advocate Baghdad.





P.Z. 5153/31.

Colonial Office,
Downing Street,
10th August 1931.

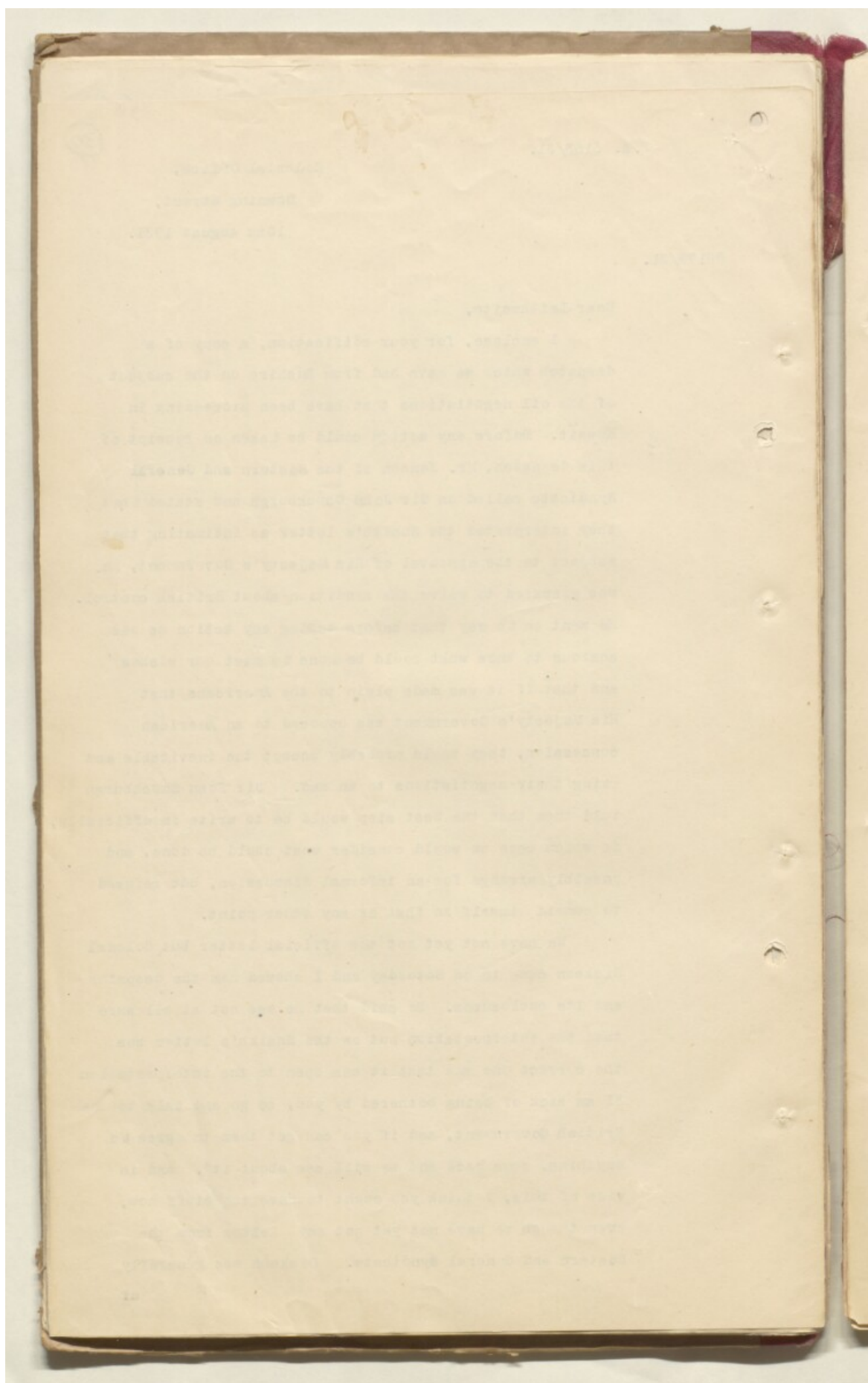
89178/31.

Dear Laithwaite,

I enclose, for your edification, a copy of a despatch which we have had from Bushire on the subject of the oil negotiations that have been proceeding in Kuwait. Before any action could be taken on receipt of this despatch, Mr. Janson of the Eastern and General Syndicate called on Sir John Shuckburgh and stated that they interpreted the Shaikh's letter as intimating that subject to the approval of His Majesty's Government, he was prepared to waive the condition about British control. He went on to say that before taking any action he was anxious to know what could be done to meet our wishes and that if it was made plain to the Americans that His Majesty's Government was opposed to an American concession, they would probably accept the inevitable and bring their negotiations to an end. Sir John Shuckburgh told them that the best step would be to write in officially, in which case we would consider what could be done, and possibly arrange for an informal discussion, but refused to commit himself on that or any other point.

We have not yet got the official letter but Colonel Dickson came in on Saturday and I showed him the despatch and its enclosures. He said that he was not at all sure that the interpretation put on the Shaikh's letter was the correct one and that it was open to the interpretation "I am sick of being bothered by you, so go and talk to the British Government, and if you can get them to agree to anything, come back and we will see about it", and in view of this, I think you ought to have the stuff now, even though we have not yet got any letter from the Eastern and General Syndicate. Dickson was generally

of





27 (31)

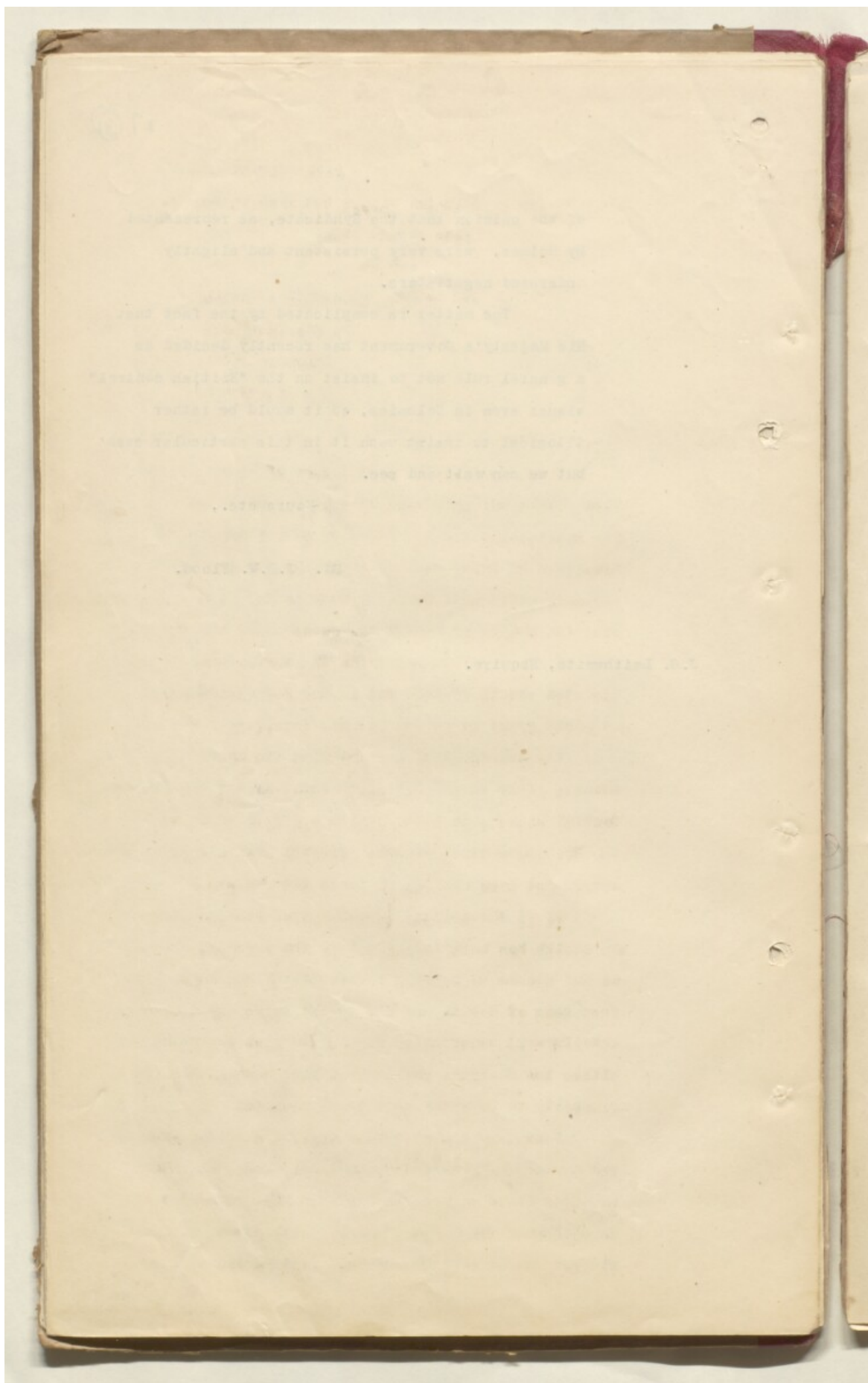
of the opinion that the Syndicate, as represented by Holmes, were very persistent and slightly underhand negotiators.

The matter is complicated by the fact that His Majesty's Government has recently decided as a general rule not to insist on the "British control" clause even in Colonies, so it would be rather illogical to insist upon it in this particular case but we can wait and see.

Yours etc.,

Sd. J.E.W. Flood.

J.C. Laithwaite, Esquire.





CONFIDENTIAL.

No. F.282-N/28.

86/1

BU:	ESSENCY:
No.	1386
Date:	17/9/31
CONFIDENTIAL RECORDS	

28
(32)

jc 16/9

A copy of the undermentioned papers is forwarded to the Hon'ble the Political Resident in the Persian Gulf for information in continuation of endorsement from the Government of India in the Foreign and Political Department No. F.282-N/28, dated the 26th August 1931.

h. 22
By order, etc.,

[Signature]
Assistant Secretary to the Government of India

[Signature]
Foreign and Political Department,

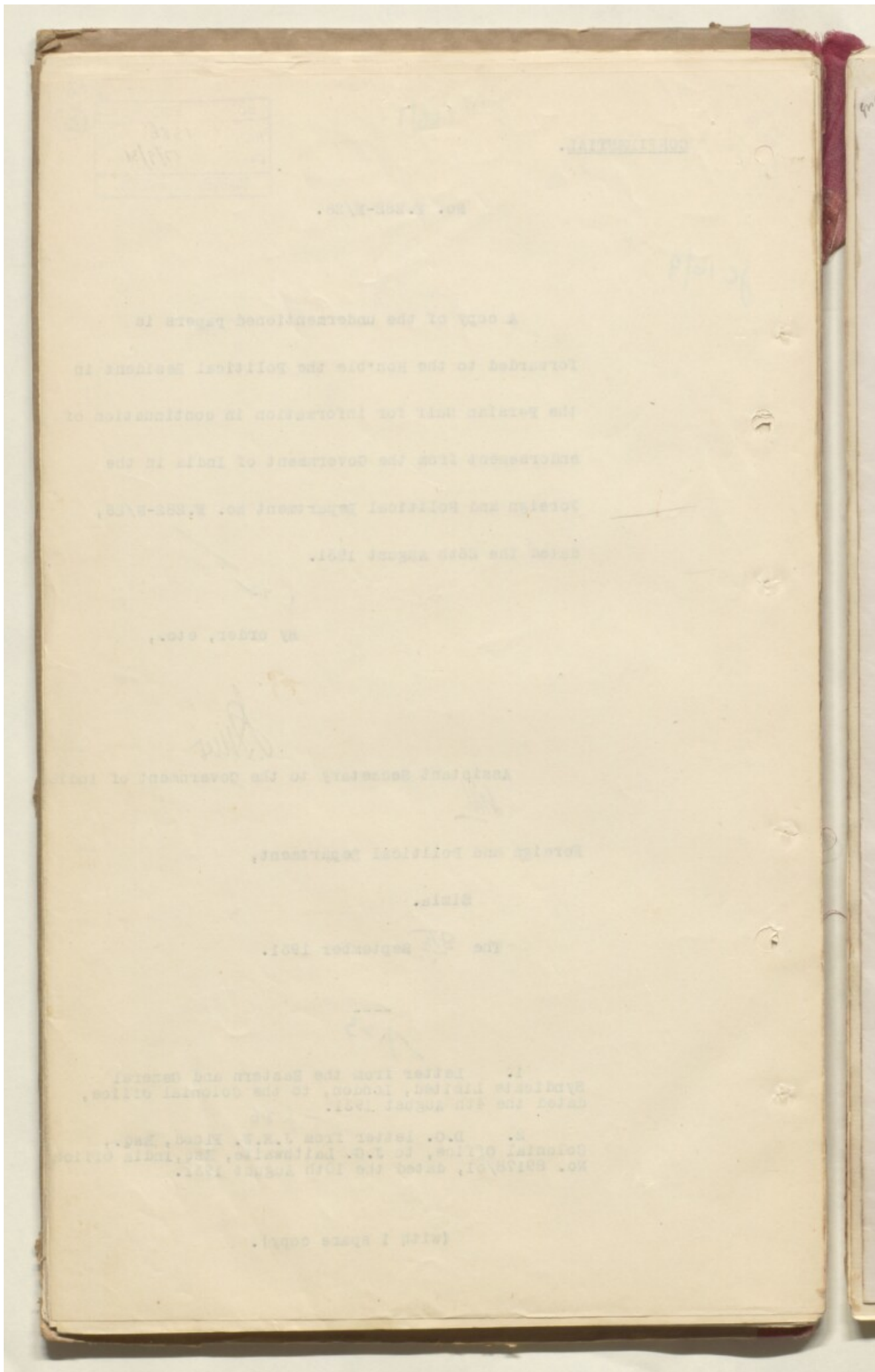
Simla.

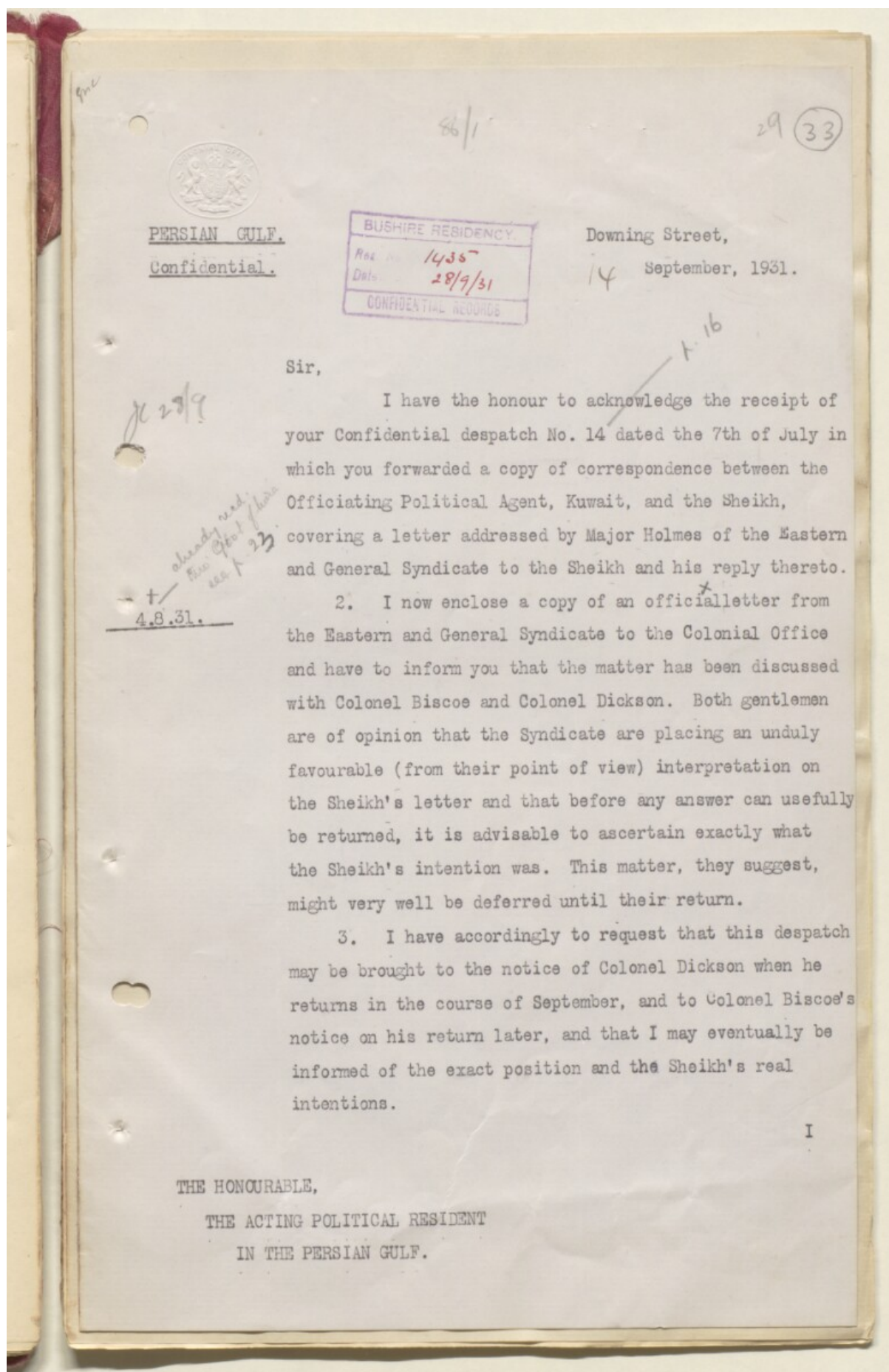
The 8th September 1931.

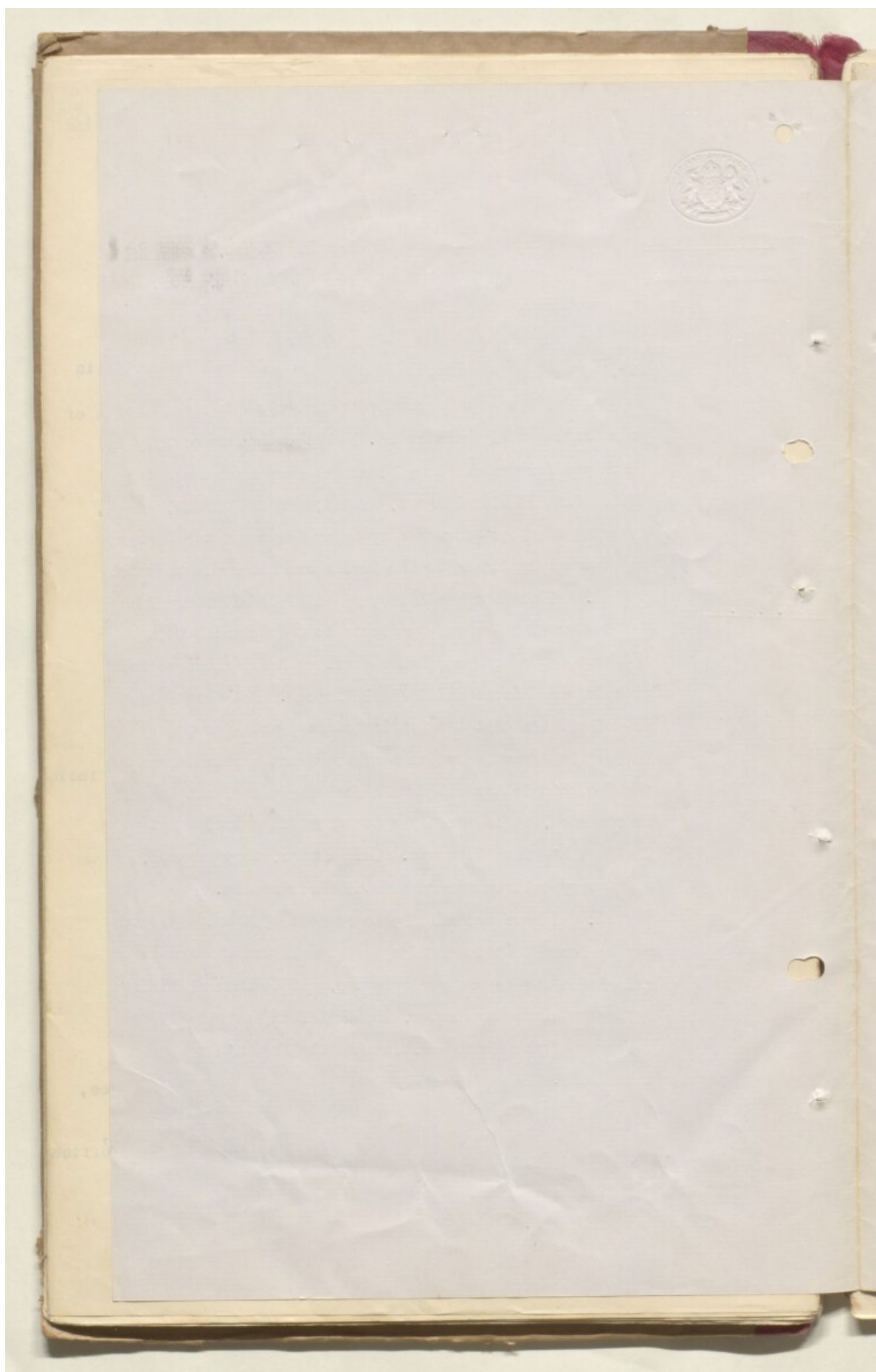
p 23
1. Letter from the Eastern and General Syndicate Limited, London, to the Colonial Office, dated the 4th August 1931.

p 26
2. D.O. letter from J.E.W. Flood, Esq., Colonial Office, to J.G. Laithwaite, Esq., India Office No. 89178/31, dated the 10th August 1931.

(with 1 spare copy).









30 (34)

I enclose in original the photographed copy of
the Arabic letter from the Sheikhto Major Holmes for
reference in case of necessity.

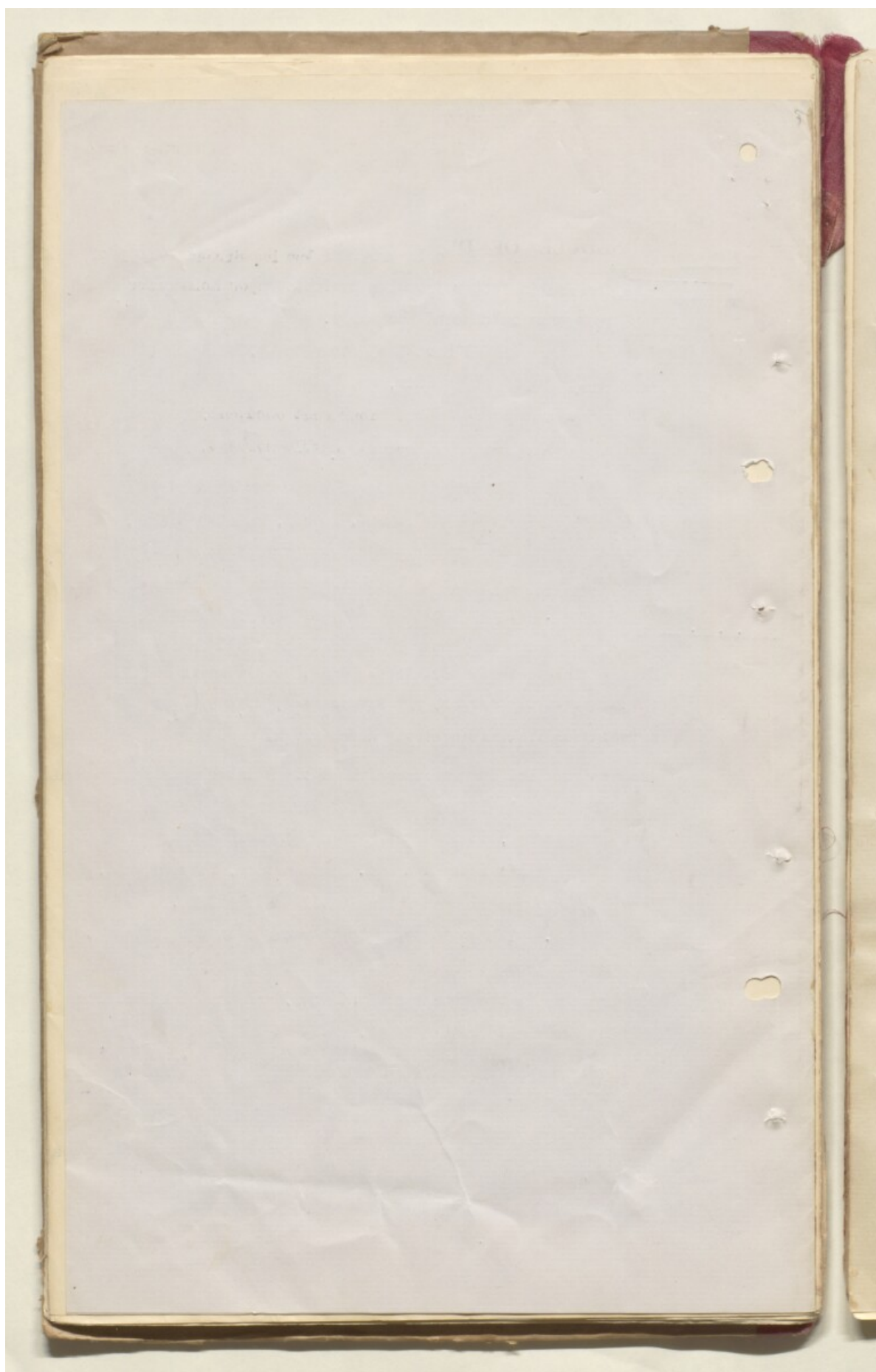
I have the honour to be,

Sir,

Your most obedient,
humble servant,

Major Holmes

Copy forwarded to the Political Agent, Kuwait under our
P.L.No 634-S of 30/9/31, for information, with copy of
translation of Shaik's letter dated 2/7/31





31 (35)

Ahmad Al Jabir Al Sabah
KUWAIT.

أحمد الجابر الصباح
كويت

كويت ١٦ صفر ١٣٥٠ الموافق ٢ جولي ١٩٣١

حضرت الاجل الانتم حميد الشهم المحب العزيز المجهز فريق هولمز المحترم دام بصروميا
بصد الصفة
ولدي كتابكم الموقر ٢٨ جون ١٩٣١ وماذا كنتم صار معلوم - نسخة الشروط التي
قدمتموها لاجل امتياز لملل الكاز في اراضي الكويت اشرفها عليها
نحن قد بينا لكم في مذكرةنا الشفاهية عن المواد التي بينتها لكم حكومة صاحب
الجلالة البريطانية ان ادماجها لازم في اي تنازل يحصل الكاز - لاني اعتقد ان حكومة
صاحب الجلالة البريطانية هي حكومتنا الصادقة التي لا زال باذله عنايتها لمصلحة بلادنا وحفظ
حقوقنا - فنهني ان لا نترك ما نراه مفيدا لنا ولبلادنا
بناء عليه اذا اهتمت وشركتكم بامتنع مع حكومة صاحب الجلالة البريطانية على تلك المواد
التي بينتها لكم وسعيتكم في القائها - فنهني نحن بصور لنا حكم مراجعة اخرى هذا امل ان نودعتم

منافسة
1931

Kuwait 16 Sefar 1350
2nd July 1931.

To Messrs Frank Holmes.

After Greetings.

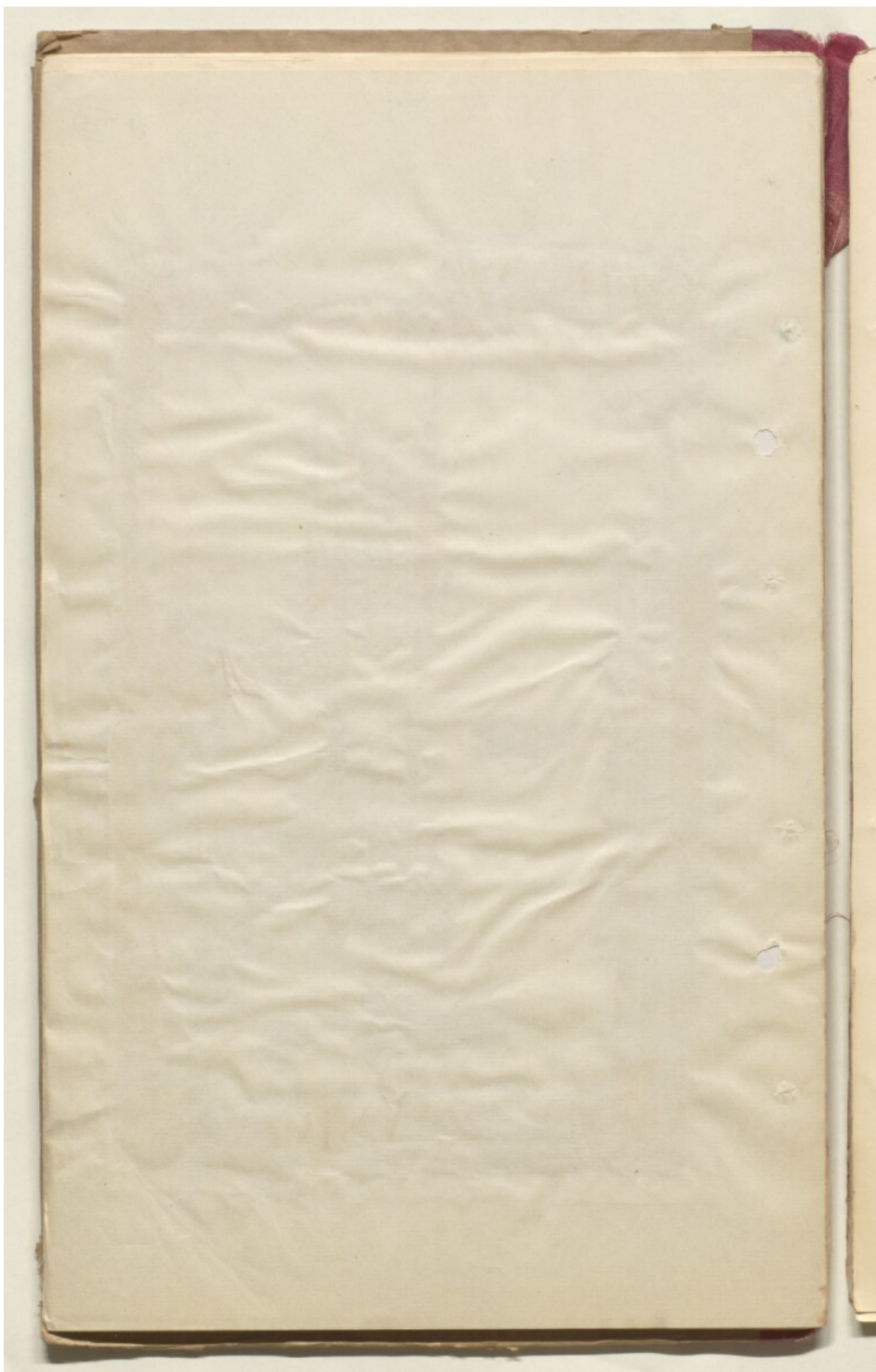
I am in receipt of your letter dated 25th June 1931 contents of which are noted. The draft of the conditions which you have presented for an oil concession in the territories of Kuwait has been considered by us.

We have mentioned to you in the course of our conversations regarding the clauses which have been indicated to you by H. B. M.'s Government, that their incorporation in any oil concession is necessary. Because I believe that H. B. M.'s Government is my own sincere Government which is always devoting its care to the welfare of my country and the safeguard of my rights. We must not ignore what it considers useful to us and to our country.

Therefore if you and your Company agree with H. B. M.'s Government on the said clauses mentioned to you and it allows you to visit them, then we shall have another opportunity of discussing matters with you.

Yours sincerely
ad. Ahmad al Jabir

True translation.
Ahmad al Jabir
Advocate, Baghdad





86/1

BUSHIRE RESIDENCY.
Res: 1453
Date: 30/9/31
CONFIDENTIAL RECORDS

36

CONFIDENTIAL.

No. F.282-N/28.

jc 30/9

A copy of the undermentioned papers is forwarded to the Hon'ble the Political Resident in the Persian Gulf, for information, in continuation of endorsement from the Government of India in the Foreign and Political Department, No. F.282-N/28, dated the 8th September 1931.

h. 28

By order, etc.,

[Signature]

Assistant Secretary to the Government of India.
Foreign and Political Department,

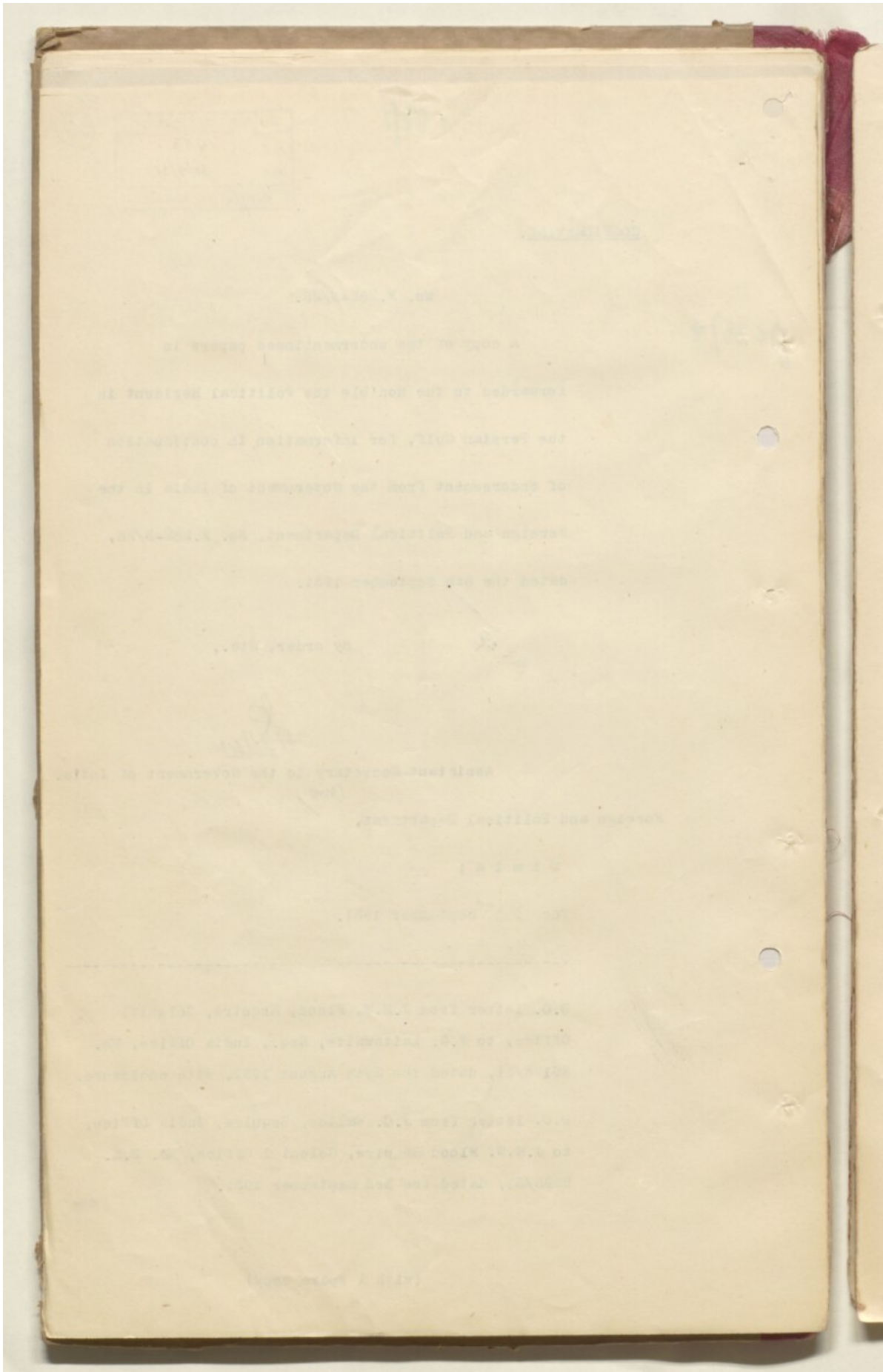
S i m l a ;

The 23rd September 1931.

D.O. letter from J.E.W. Flood, Esquire, Colonial Office, to J.G. Laithwaite, Esq., India Office, No. 89478/31, dated the 29th August 1931, with enclosure.

D.O. letter from J.C. Walton, Esquire, India Office, to J.E.W. Flood Esquire, Colonial Office, No. P.Z. 5595/31, dated the 3rd September 1931.

(with 1 spare copy)





P.Z.5595/31.

Downing Street,

89178/31.

29th August 1931.

Dear Laithwaite,

Please refer to my letter to you of the 10th of August and to our Note of the 12th of August sending a copy of a letter from the Eastern and General Syndicate on the subject of the oil concessions in Kuwait.

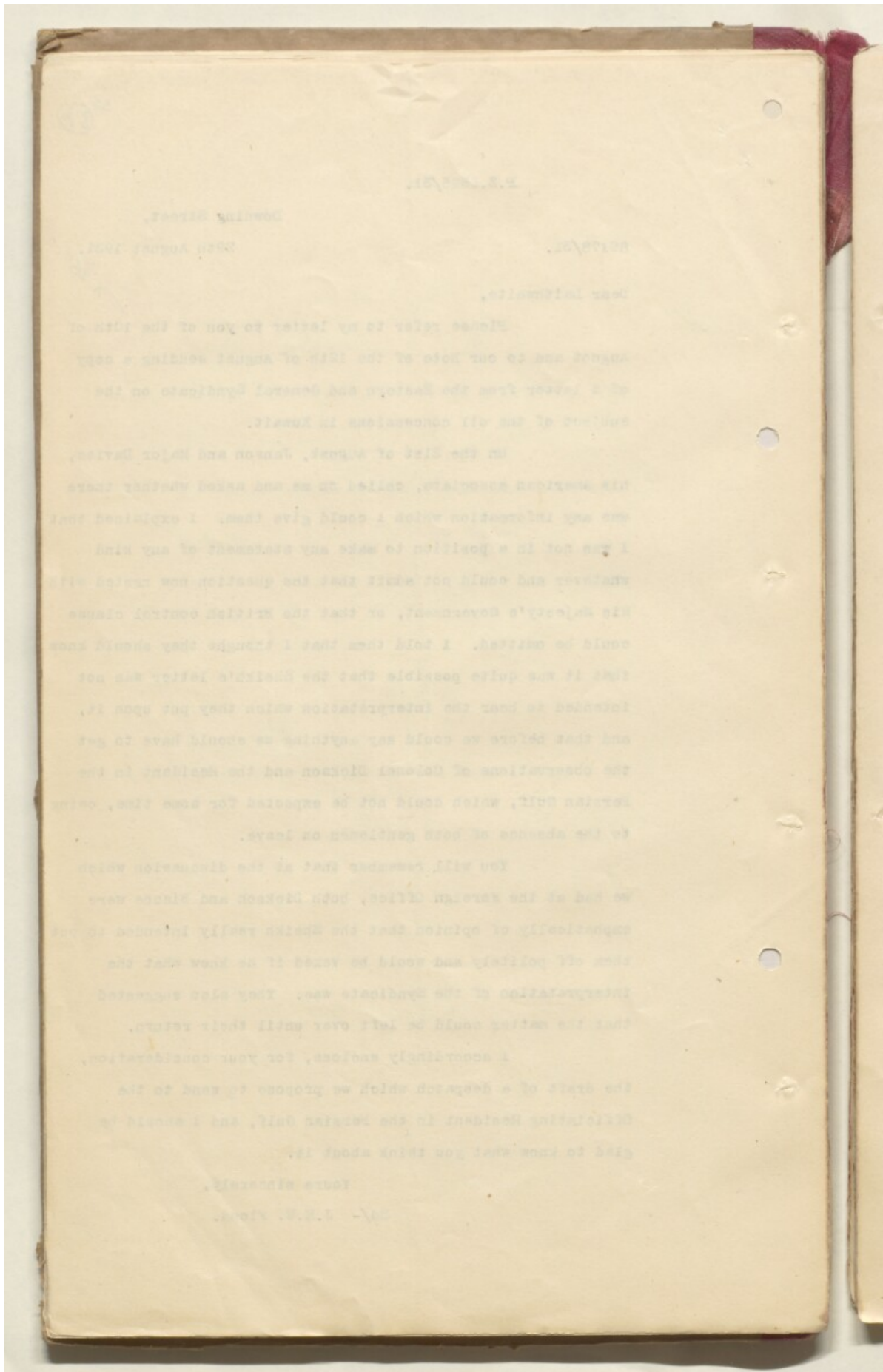
On the 21st of August, Janson and Major Davies, his American associate, called on me and asked whether there was any information which I could give them. I explained that I was not in a position to make any statement of any kind whatever and could not admit that the question now rested with His Majesty's Government, or that the British control clause could be omitted. I told them that I thought they should know that it was quite possible that the Sheikh's letter was not intended to bear the interpretation which they put upon it, and that before we could say anything we should have to get the observations of Colonel Dickson and the Resident in the Persian Gulf, which could not be expected for some time, owing to the absence of both gentlemen on leave.

You will remember that at the discussion which we had at the Foreign Office, both Dickson and Biscoe were emphatically of opinion that the Sheikh really intended to put them off politely and would be vexed if he knew what the interpretation of the Syndicate was. They also suggested that the matter could be left over until their return.

I accordingly enclose, for your consideration, the draft of a despatch which we propose to send to the Officiating Resident in the Persian Gulf, and I should be glad to know what you think about it.

Yours sincerely,

Sd/- J.E.W. Flood.





34
(38)
DRAFT.

PERSIAN GULF
CONFIDENTIAL.

Downing Street.

August 1931.

POLITICAL RESIDENT.

Sir,

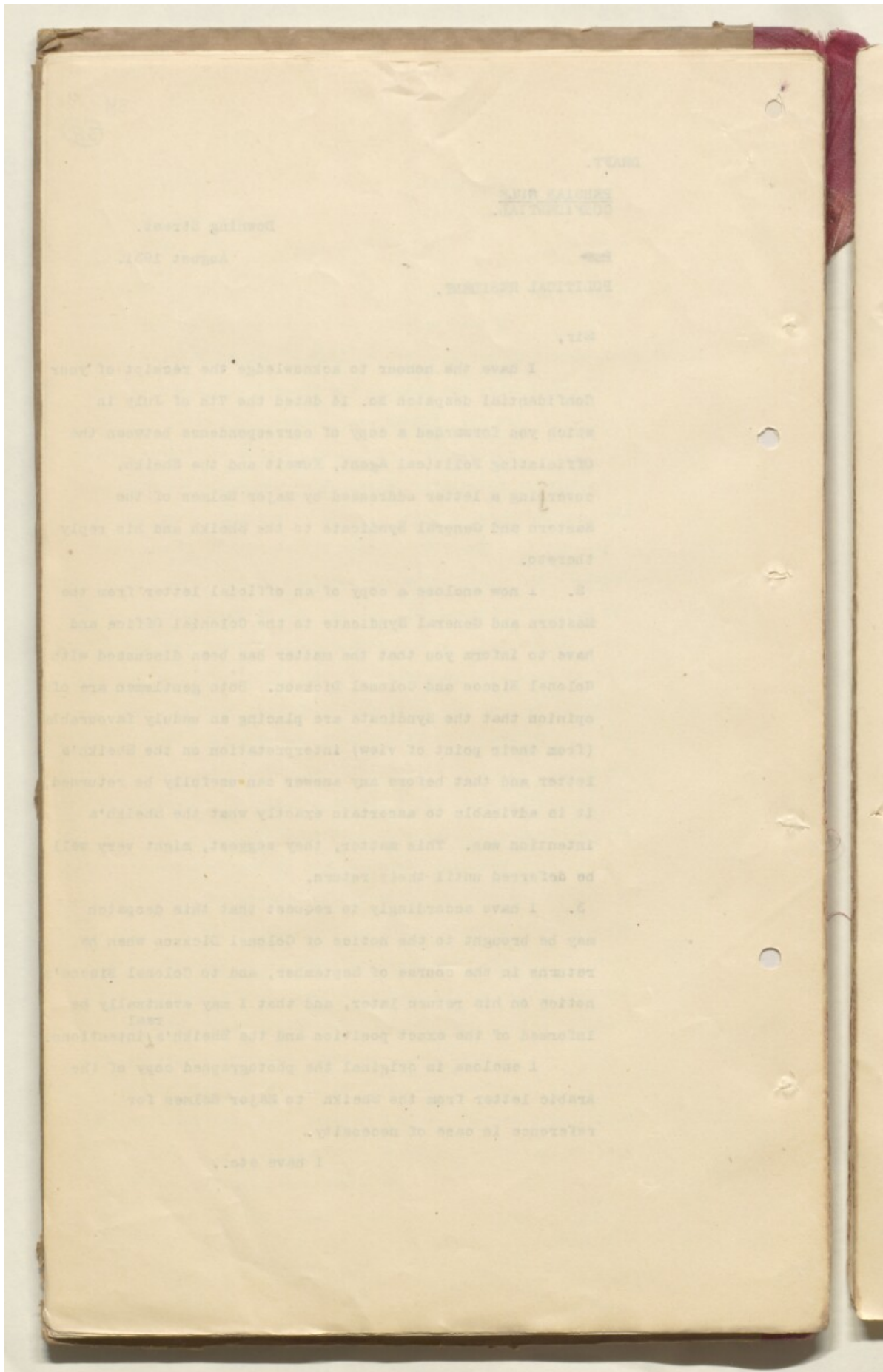
I have the honour to acknowledge the receipt of your Confidential despatch No. 14 dated the 7th of July in which you forwarded a copy of correspondence between the Officiating Political Agent, Kuwait and the Sheikh, covering a letter addressed by Major Holmes of the Eastern and General Syndicate to the Sheikh and his reply thereto.

2. I now enclose a copy of an official letter from the Eastern and General Syndicate to the Colonial Office and have to inform you that the matter has been discussed with Colonel Biscoe and Colonel Dickson. Both gentlemen are of opinion that the Syndicate are placing an unduly favourable (from their point of view) interpretation on the Sheikh's letter and that before any answer can usefully be returned, it is advisable to ascertain exactly what the Sheikh's intention was. This matter, they suggest, might very well be deferred until their return.

3. I have accordingly to request that this despatch may be brought to the notice of Colonel Dickson when he returns in the course of September, and to Colonel Biscoe's notice on his return later, and that I may eventually be informed of the exact position and the Sheikh's ^{real} intentions.

I enclose in original the photographed copy of the Arabic letter from the Sheikh to Major Holmes for reference in case of necessity.

I have etc.,





35 (39)

P.Z.5595/31.

INDIA OFFICE,
WHITEHALL, S.W. 1.,

3rd September 1931.

Dear Flood,

Your letter to Laithwaite of the 29th
August, 89178/31, about Koweit oil concessions.

We concur in the draft despatch to the
officiating Political Resident in the Persian Gulf.

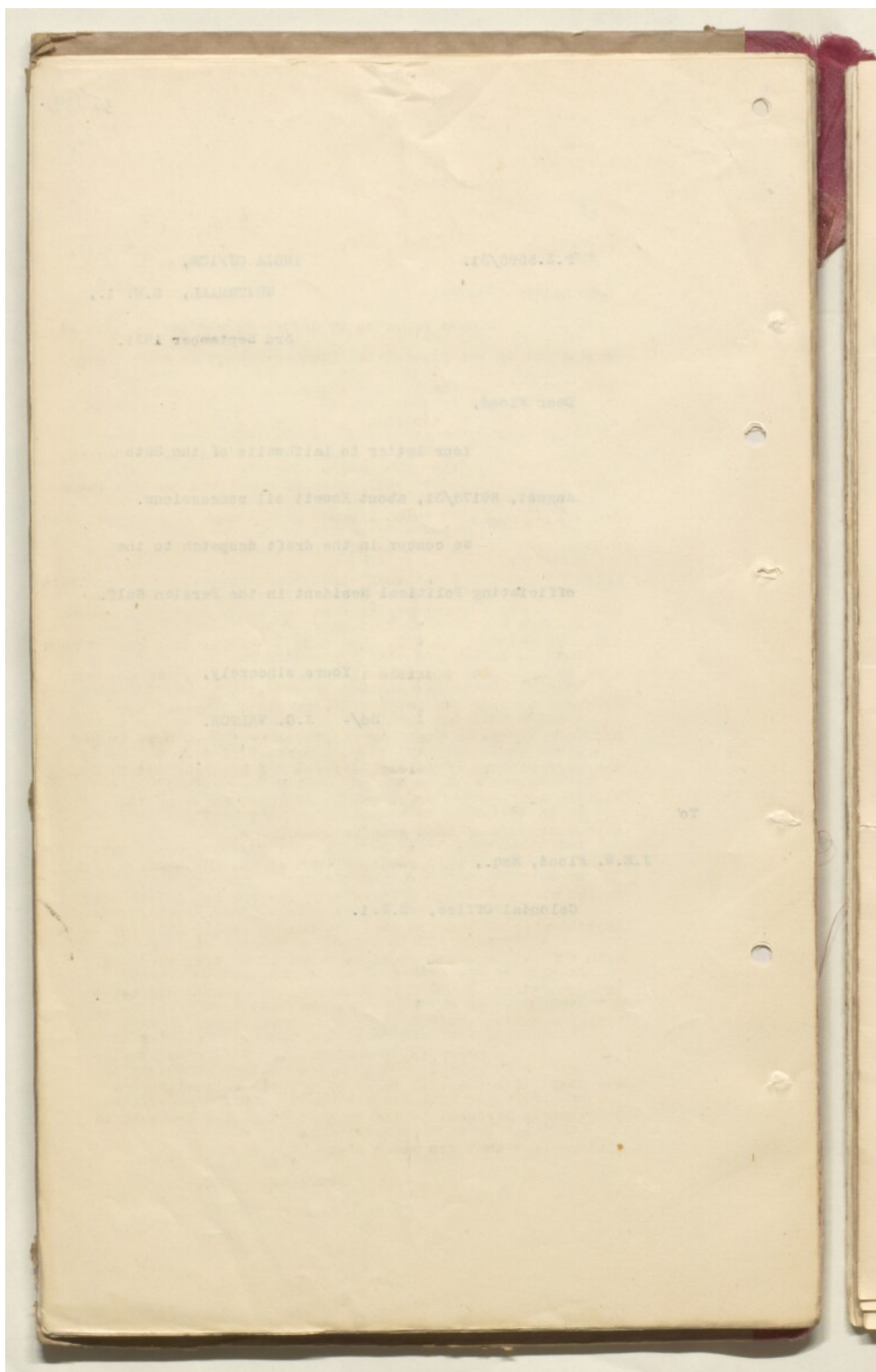
Yours sincerely,

Sd/- J.G. WALTON.

To

J.E.W. Flood, Esq.,

Colonial Office, S.W.1.





CONFIDENTIAL.

No.126.

Political Agency, Kuwait.

Dated the 3rd October 1931.

From

Lieutenant-Colonel H.R.P. Dickson, C.I.E.,

Political Agent, Kuwait.

To

The Hon'ble the Political Resident
in the Persian Gulf, Bushire.

BUSHIRE RESIDENCY.	
Recd	1500
Date	12/10/31
CONFIDENTIAL RECORDS	

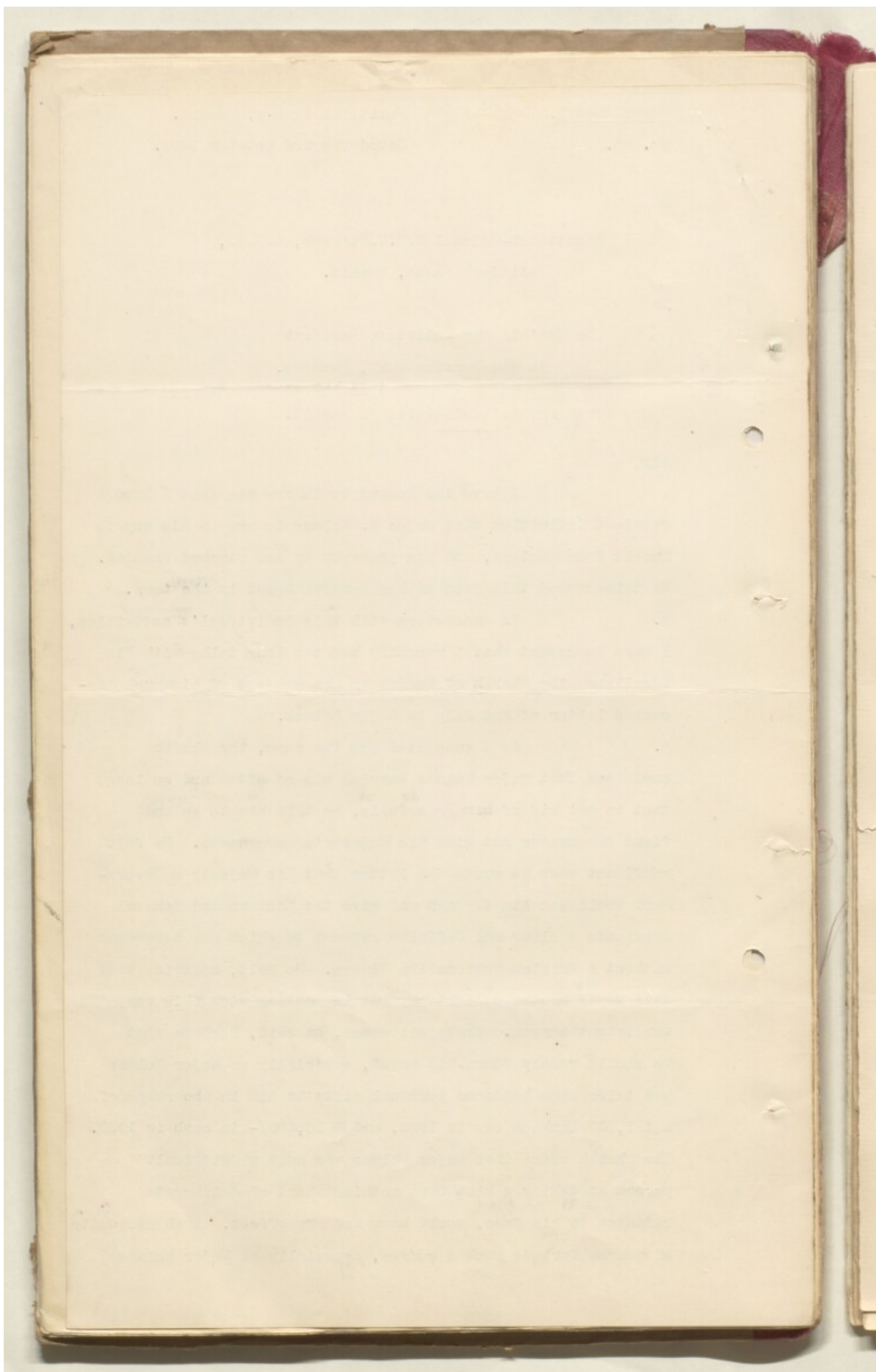
Major Frank Holmes' activities in Kuwait.

Sir,

I have the honour to inform you that I have received intimation that Major F. Holmes is now on his way to Kuwait from England, and has probably by now reached Baghdad. He telegraphed this fact to his Persian Agent in the town.

2. In connection with this individual's activities, I have to report that I recently had two long talks with His Excellency the Shaikh of Kuwait on the subject of his much discussed letter of 2nd July to Major Holmes.

3. As I suspected was the case, the Shaikh explained that Major Holmes worried him so often and so long, that to get rid of him gracefully, he told him to go and fight the matter out with His Majesty's Government. He felt confident when he wrote the letter that His Majesty's Government would see him through and give the Eastern and General Syndicate a clear and definite refusal to allow any agreement without a British Nationality Clause. He felt, he said, that this would be the easiest way out in dealing with this very persistent person. Arab politeness, he said, forbade that he should rudely "turn him down", especially as Major Holmes had twice made handsome personal gifts to him in the shape of a £ 1,000 Sunbeam car in 1929, and Rs 10,000/- in cash in 1930. The Shaikh added that Major Holmes was such a "difficult" person at taking a hint that nothing short of deliberate rudeness to his face, would have had any effect. Arab etiquette of course forbade such a course, especially as Major Holmes





31 (41)
Holmes was a kind of guest in Kuwait, so he had deliberately decided to write the letter he did, putting his reliance on His Majesty's Government to step in and do the needful.

4. Lastly the Shaikh assured me that the meaning

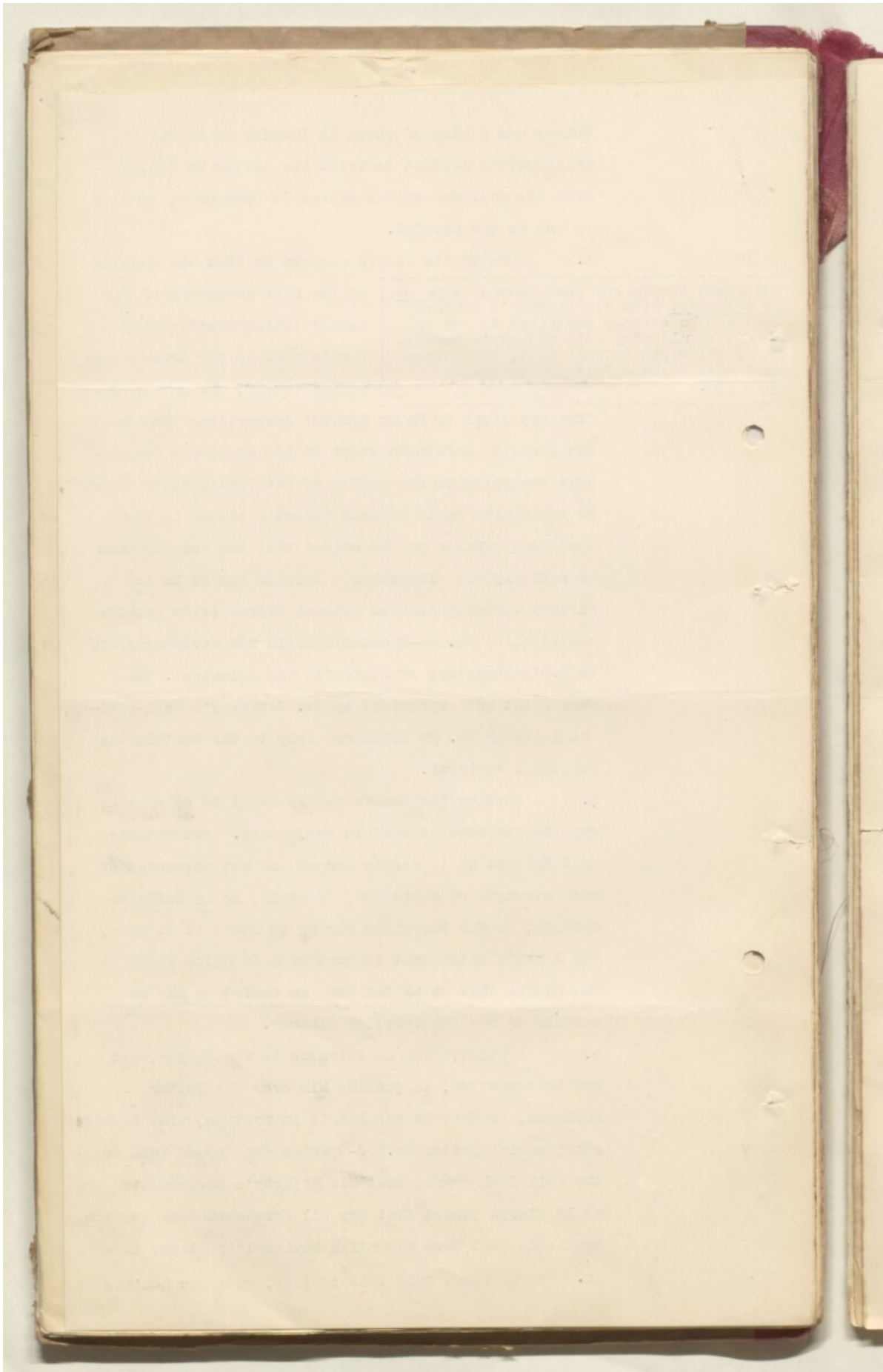
Therefore if you and your Company come to an agreement with His Majesty's Government on the clauses mentioned to you by me and should they (His Majesty's Government) allow you to omit them, then there will have to be a further discussion with you.

of the last paragraph of his letter (which incidentally should read as per translation in the margin, and not in the

free way given by Major Holmes' lawyer) was that in the possibly unforeseen event of His Majesty's Government weakening in the matter of the "Nationality Clause", he the Shaikh would himself insert a clause in any agreement granted to the effect that the Company must be entirely and altogether a British one as he had already verbally assured Colonel Biscoe (vide Bushire confidential No. 40-T dated Bahrain 9th November 1930/ to H.M.'s Secretary of State for the Colonies). The same point was emphasised in Dr. Greenway's demi-official letter No. 87 dated 2nd July to the Hon'ble the Political Resident.

5. Whether the Shaikh really meant to do what he says he intended is ^{of course} open to conjecture. But knowing as I do, that he is easily swayed and not possessed of much strength of character, it would, in my definite opinion, be far too risky for us to leave it at this, and I still think that it must be made quite clear to the Shaikh that we expect him to insist on the insertion of the "Nationality Clause".

6. A point, which in fairness to the Shaikh, must not be forgotten, in judging him over the letter business, is that he has had it in writing, vide Bushire confidential letter No. 290-S dated 4th August 1928 to the Political Agent, that His Majesty's Government would always insist that any oil agreement come to with a syndicate must have a British Nationality Clause in it. He was again told this in 1930, vide the Hon'ble the





the Political Resident's confidential demi-official No. 393-S dated 1st August 1930. He therefore, I think had no reason to suppose that His Majesty's Government would recede from this view.

7. Another point worth mentioning perhaps, is that Major Holmes (according to the Shaikh) again and again rubbed it in directly and by suggestion that he, Major Holmes, had had it on the highest authority in the Colonial Office that if the Shaikh did not want the insertion of the Nationality Clause, His Majesty's Government would not insist because they would undertake to see that his interests would and would be properly protected by other diplomatic means.

8. The Shaikh, though one cannot entirely excuse him of weakness and vacillation in this matter is really a simple Bedouin at heart, and there is some excuse for his having succumbed to the continuous and direct attack of a man of Holmes' calibre.

9. The Shaikh's simple faith in us is pathetically sincere, and if I may suggest it, he can hardly be expected to appreciate the finer points of our diplomacy which apparently in the present case require that he (the Shaikh) of himself should insist on the necessity of a Nationality Clause, while we look on and commend his efforts.

I have the honour to be,

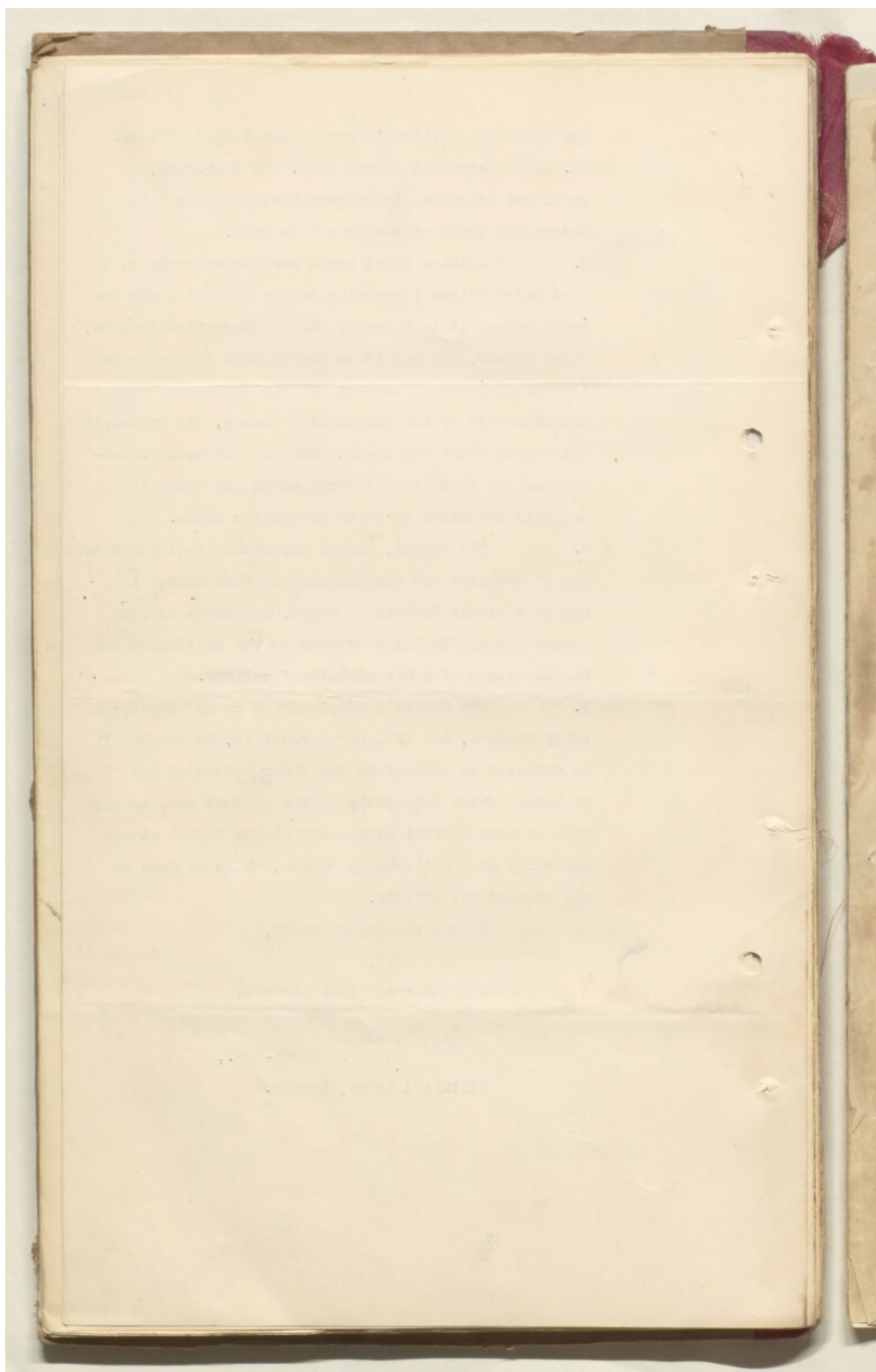
Sir,

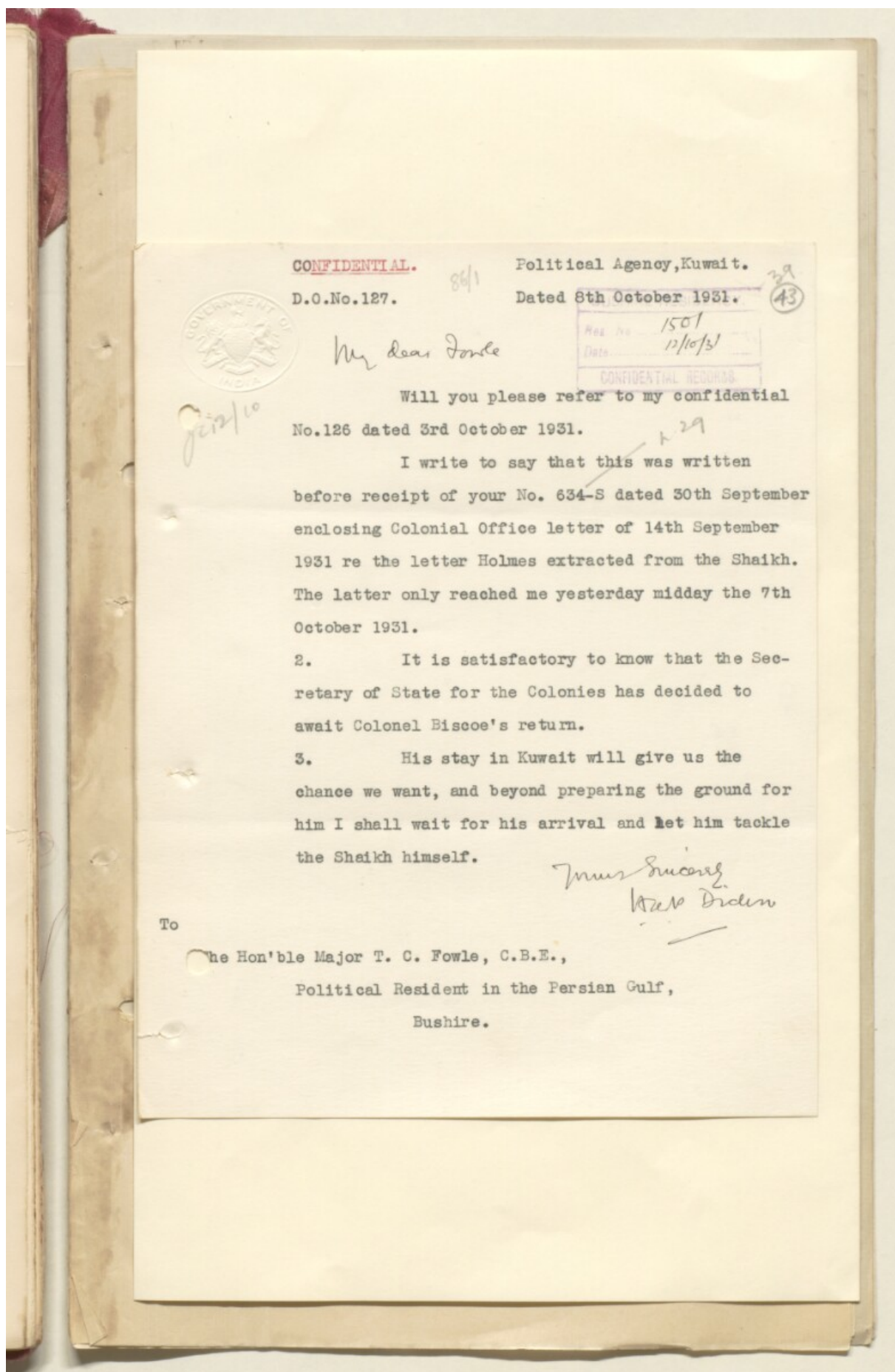
Your most obedient servant,

Harry Dickson

Lieut-Col.,

Political Agent, Kuwait.





CONFIDENTIAL.

D.O.No.127.

Political Agency, Kuwait.

Dated 8th October 1931.



My dear Fowle

Ref No	1501
Date	12/10/31
CONFIDENTIAL RECORDS	

Will you please refer to my confidential No.126 dated 3rd October 1931.

I write to say that this was written before receipt of your No. 634-S dated 30th September enclosing Colonial Office letter of 14th September 1931 re the letter Holmes extracted from the Shaikh. The latter only reached me yesterday midday the 7th October 1931.

2. It is satisfactory to know that the Secretary of State for the Colonies has decided to await Colonel Biscoe's return.

3. His stay in Kuwait will give us the chance we want, and beyond preparing the ground for him I shall wait for his arrival and let him tackle the Shaikh himself.

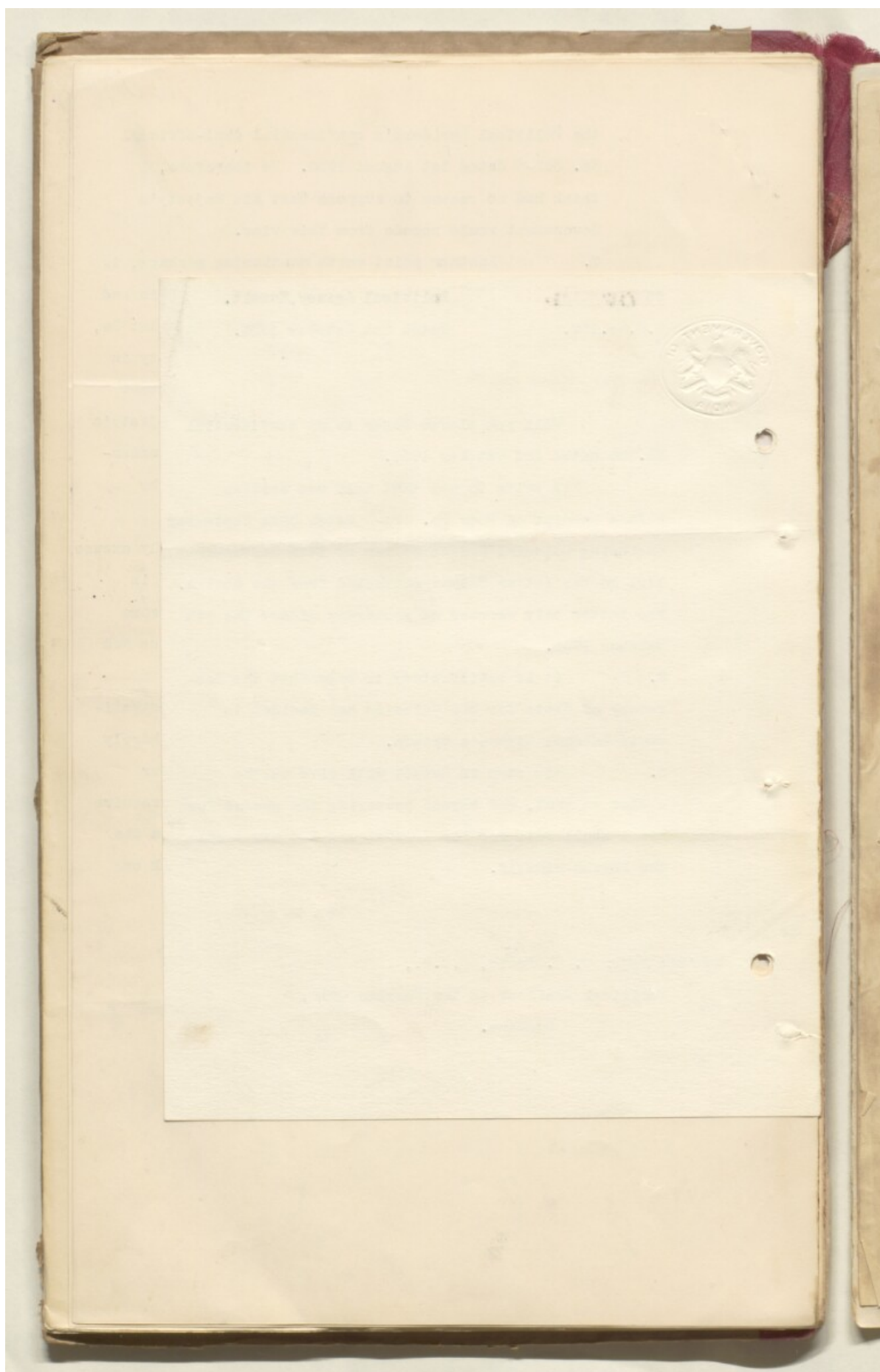
*Yours sincerely
W. B. Dicken*

To

The Hon'ble Major T. C. Fowle, C.B.E.,

Political Resident in the Persian Gulf,

Bushire.





(44)
39-2

Precis of a conversation held at Kuwait on 24th
October 1931 between the Honourable the Political Resident
in the Persian Gulf and His Excellency the Ruler of Kuwait.

The activities of Major Holmes and the letter
written by the Shaikh to Major Holmes dated 1st
July 1931.

(1) The Hon'ble the Political Resident started by
discussing the situation in Arabia generally and other matters
of local interest.

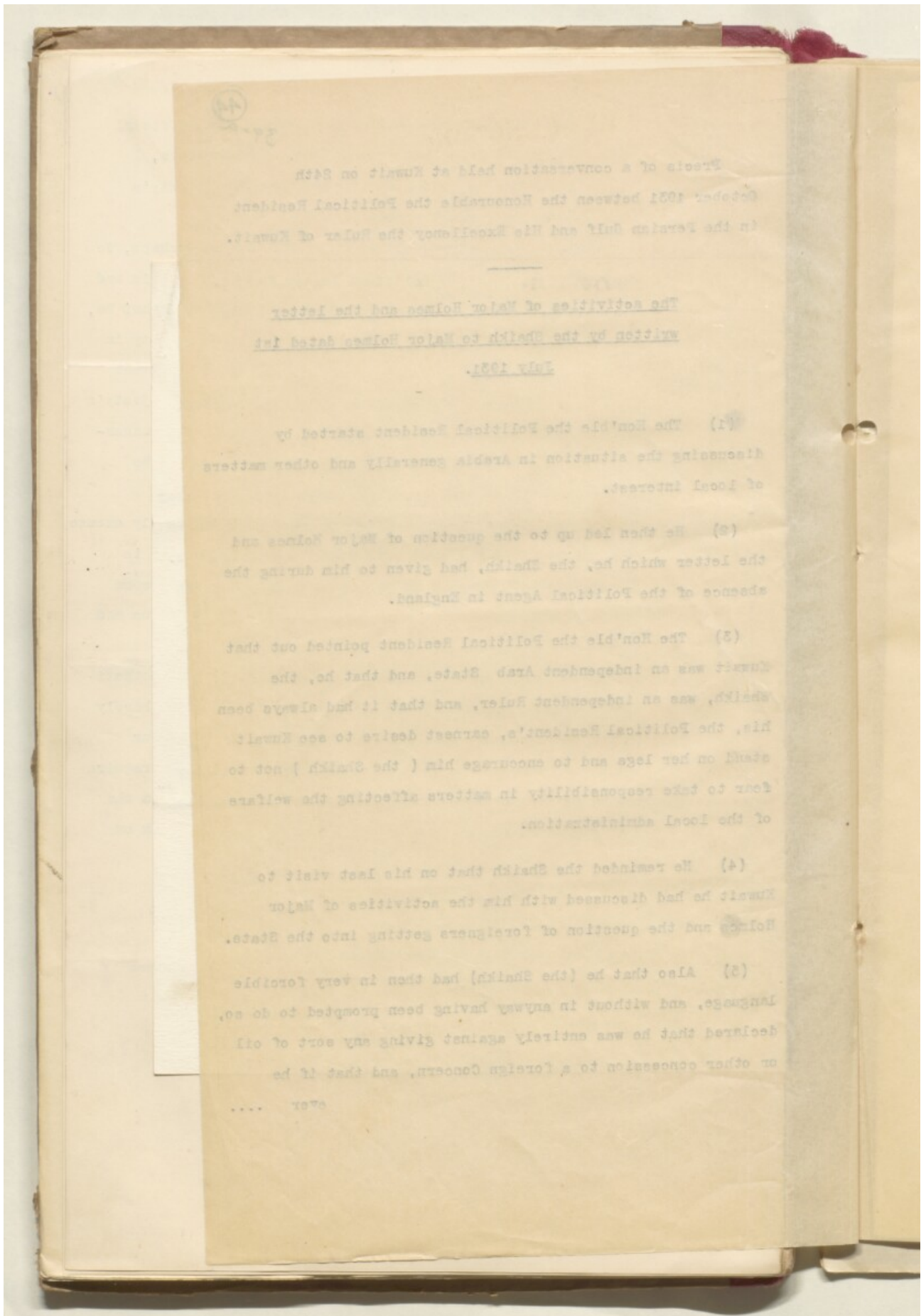
(2) He then led up to the question of Major Holmes and
the letter which he, the Shaikh, had given to him during the
absence of the Political Agent in England.

(3) The Hon'ble the Political Resident pointed out that
Kuwait was an independent Arab State, and that he, the
Shaikh, was an independent Ruler, and that it had always been
his, the Political Resident's, earnest desire to see Kuwait
stand on her legs and to encourage him (the Shaikh) not to
fear to take responsibility in matters affecting the welfare
of the local administration.

(4) He reminded the Shaikh that on his last visit to
Kuwait he had discussed with him the activities of Major
Holmes and the question of foreigners getting into the State.

(5) Also that he (the Shaikh) had then in very forcible
language, and without in anyway having been prompted to do so,
declared that he was entirely against giving any sort of oil
or other concession to a foreign Concern, and that if he

ever





-2-

39-6
(45)

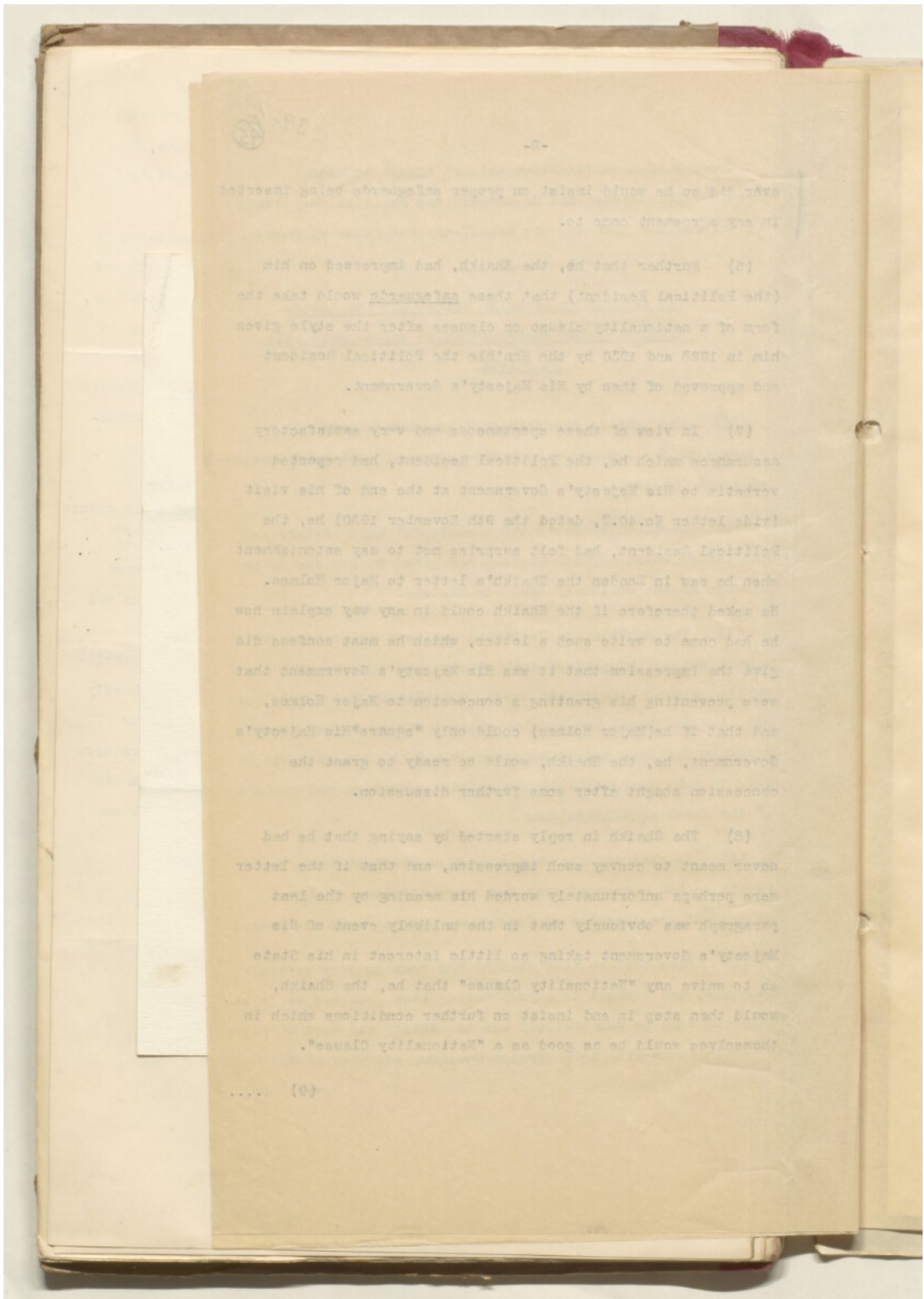
ever did so he would insist on proper safeguards being inserted in any agreement come to.

(6) Further that he, the Shaikh, had impressed on him (the Political Resident) that these safeguards would take the form of a nationality clause or clauses after the style given him in 1928 and 1930 by the Hon'ble the Political Resident and approved of then by His Majesty's Government.

(7) In view of these spontaneous and very satisfactory assurances which he, the Political Resident, had reported verbatim to His Majesty's Government at the end of his visit (vide letter No.40.T, dated the 9th November 1930) he, the Political Resident, had felt surprise not to say astonishment when he saw in London the Shaikh's letter to Major Holmes. He asked therefore if the Shaikh could in any way explain how he had come to write such a letter, which he must confess did give the impression that it was His Majesty's Government that were preventing his granting a concession to Major Holmes, and that if he(Major Holmes) could only "square" His Majesty's Government, he, the Shaikh, would be ready to grant the concession sought after some further discussion.

(8) The Shaikh in reply started by saying that he had never meant to convey such impression, and that if the letter were perhaps unfortunately worded his meaning by the last paragraph was obviously that in the unlikely event of His Majesty's Government taking so little interest in his State as to waive any "Nationality Clause" that he, the Shaikh, would then step in and insist on further conditions which in themselves would be as good as a "Nationality Clause".

(9)





-3-

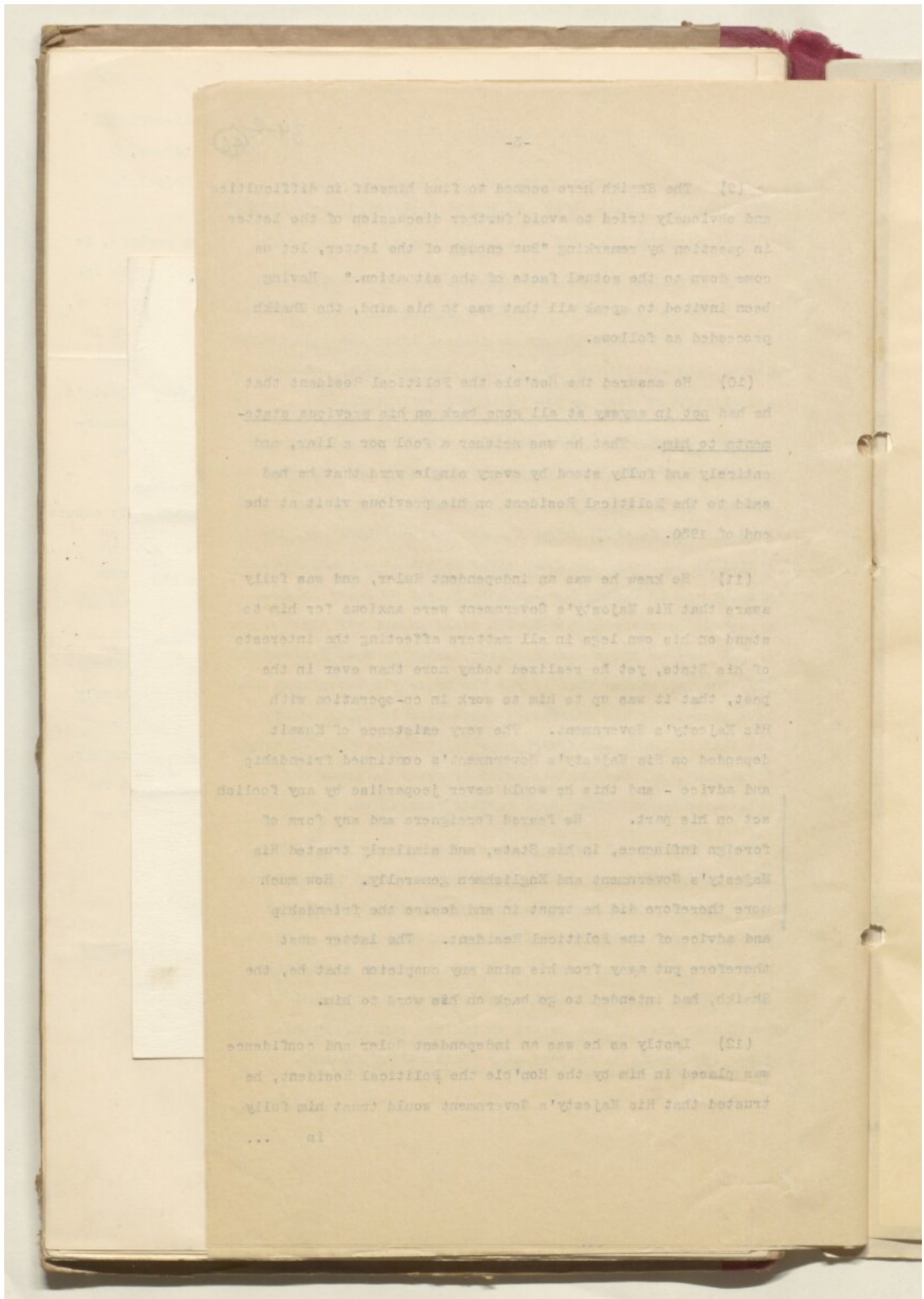
39-c (46)

(9) The Shaikh here seemed to find himself in difficulties and obviously tried to avoid further discussion of the letter in question by remarking "But enough of the letter, let us come down to the actual facts of the situation." Having been invited to speak all that was in his mind, the Shaikh proceeded as follows.

(10) He assured the Hon'ble the Political Resident that he had not in anyway at all gone back on his previous statements to him. That he was neither a fool nor a liar, and entirely and fully stood by every single word that he had said to the Political Resident on his previous visit at the end of 1930.

(11) He knew he was an independent Ruler, and was fully aware that His Majesty's Government were anxious for him to stand on his own legs in all matters affecting the interests of his State, yet he realized today more than ever in the past, that it was up to him to work in co-operation with His Majesty's Government. The very existence of Kuwait depended on His Majesty's Government's continued friendship and advice - and this he would never jeopardise by any foolish act on his part. He feared foreigners and any form of foreign influence, in his State, and similarly trusted His Majesty's Government and Englishmen generally. How much more therefore did he trust in and desire the friendship and advice of the Political Resident. The latter must therefore put away from his mind any suspicion that he, the Shaikh, had intended to go back on his word to him.

(12) Lastly as he was an independent Ruler and confidence was placed in him by the Hon'ble the Political Resident, he trusted that His Majesty's Government would trust him fully
in ...





-4-

39-d (47)

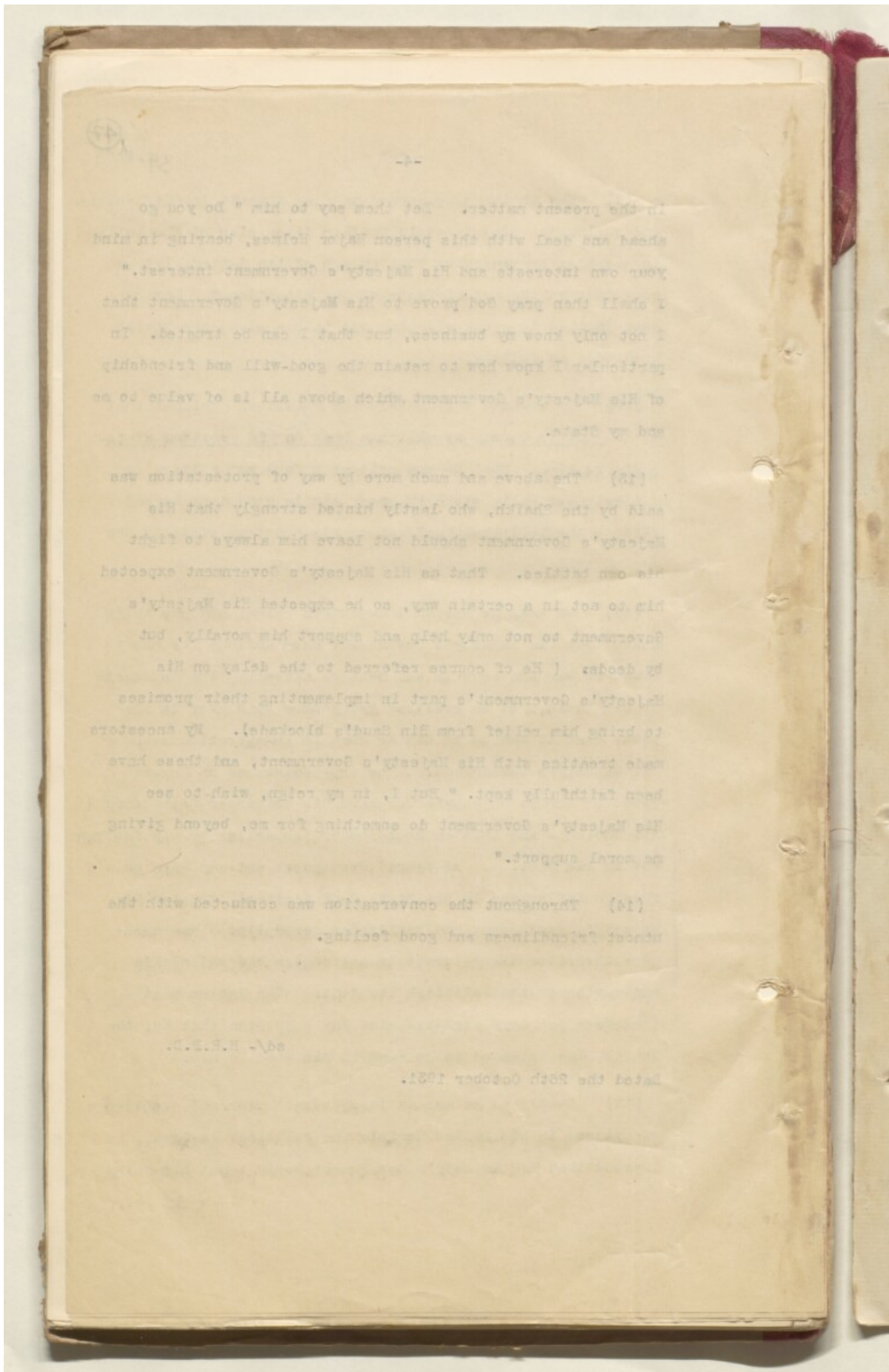
in the present matter. Let them say to him " Do you go ahead and deal with this person Major Holmes, bearing in mind your own interests and His Majesty's Government interest." I shall then pray God prove to His Majesty's Government that I not only know my business, but that I can be trusted. In particular I know how to retain the good-will and friendship of His Majesty's Government which above all is of value to me and my State.

(13) The above and much more by way of protestation was said by the Shaikh, who lastly hinted strongly that His Majesty's Government should not leave him always to fight his own battles. That as His Majesty's Government expected him to act in a certain way, so he expected His Majesty's Government to not only help and support him morally, but by deeds: (He of course referred to the delay on His Majesty's Government's part in implementing their promises to bring him relief from Bin Saud's blockade). My ancestors made treaties with His Majesty's Government, and these have been faithfully kept. " But I, in my reign, wish to see His Majesty's Government do something for me, beyond giving me moral support."

(14) Throughout the conversation was conducted with the utmost friendliness and good feeling.

sd/- H.R.P.D.

Dated the 26th October 1931.





86/1
48
Confidential.

British Residency & Consulate-General,
Bushire, the 3rd November 1931.

No.19.

Sir,

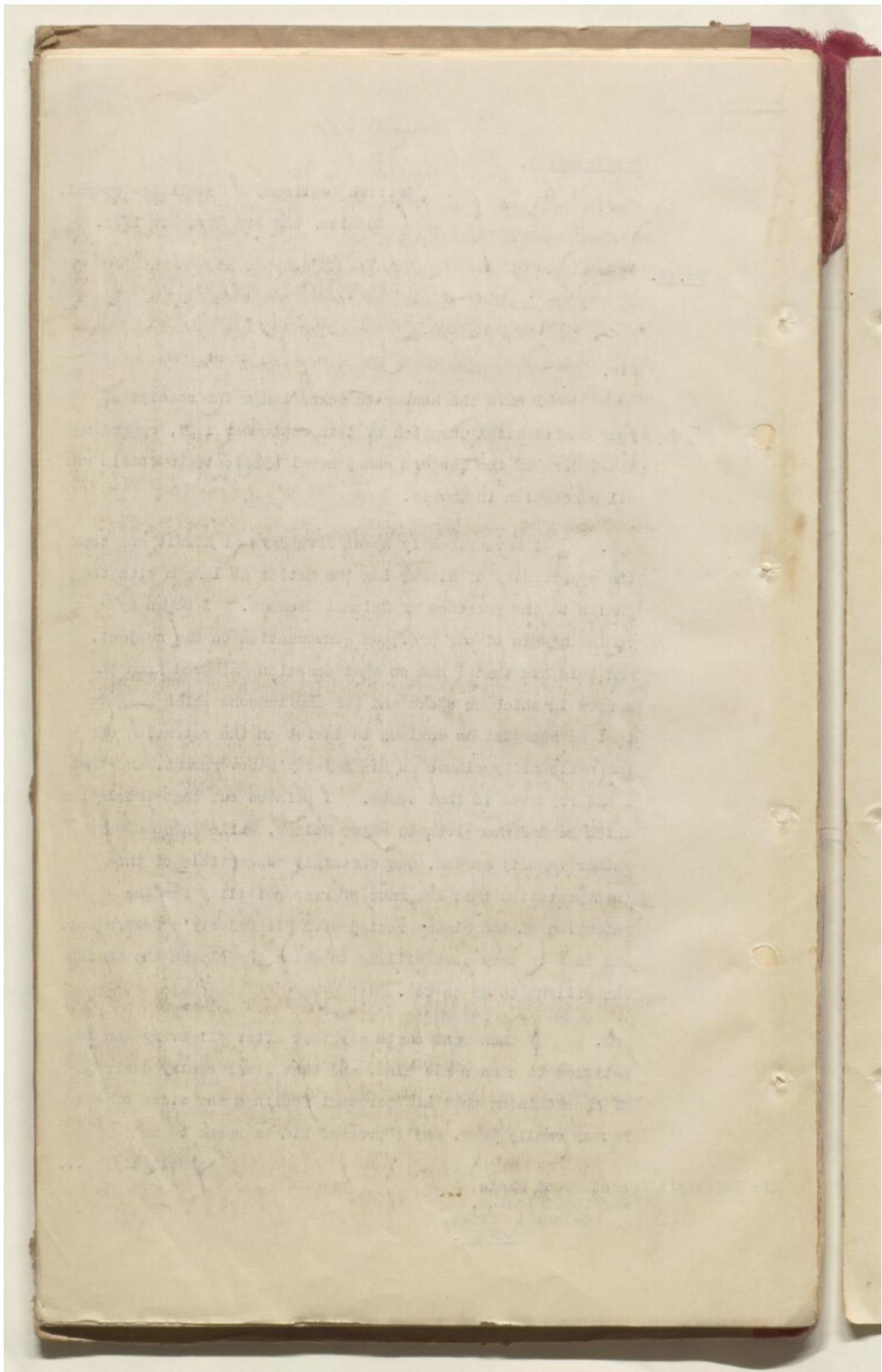
f.29-
I have the honour to acknowledge the receipt of your Confidential despatch of 14th September 1931, regarding the desire of the Eastern and General Syndicate to obtain an oil concession in Kuwait.

2. I have recently spent five days at Kuwait and took the opportunity of discussing the matter at length with the Shaikh in the presence of Colonel Dickson. I began by reminding him of our previous conversation on the subject, and told him that I had on that occasion gathered from the manner in which he spoke and for the reasons which he gave that he was just as anxious to insist on the retention of the nationality clause as His Majesty's Government, and that I had reported in that sense. I pointed out that the letter which he had now given to Major Holmes, while in some ways rather vaguely worded, was certainly susceptible of the interpretation that the onus of responsibility for the retention of the clause rested with His Majesty's Government, and that if they were willing to waive the clause the Shaikh was willing to do so too.

3. I then went on to say that after all every man is entitled to change his mind, and that I was really desirous of ascertaining what his personal feelings and views of the matter really were, and I pressed him to speak to me

absolutely ...

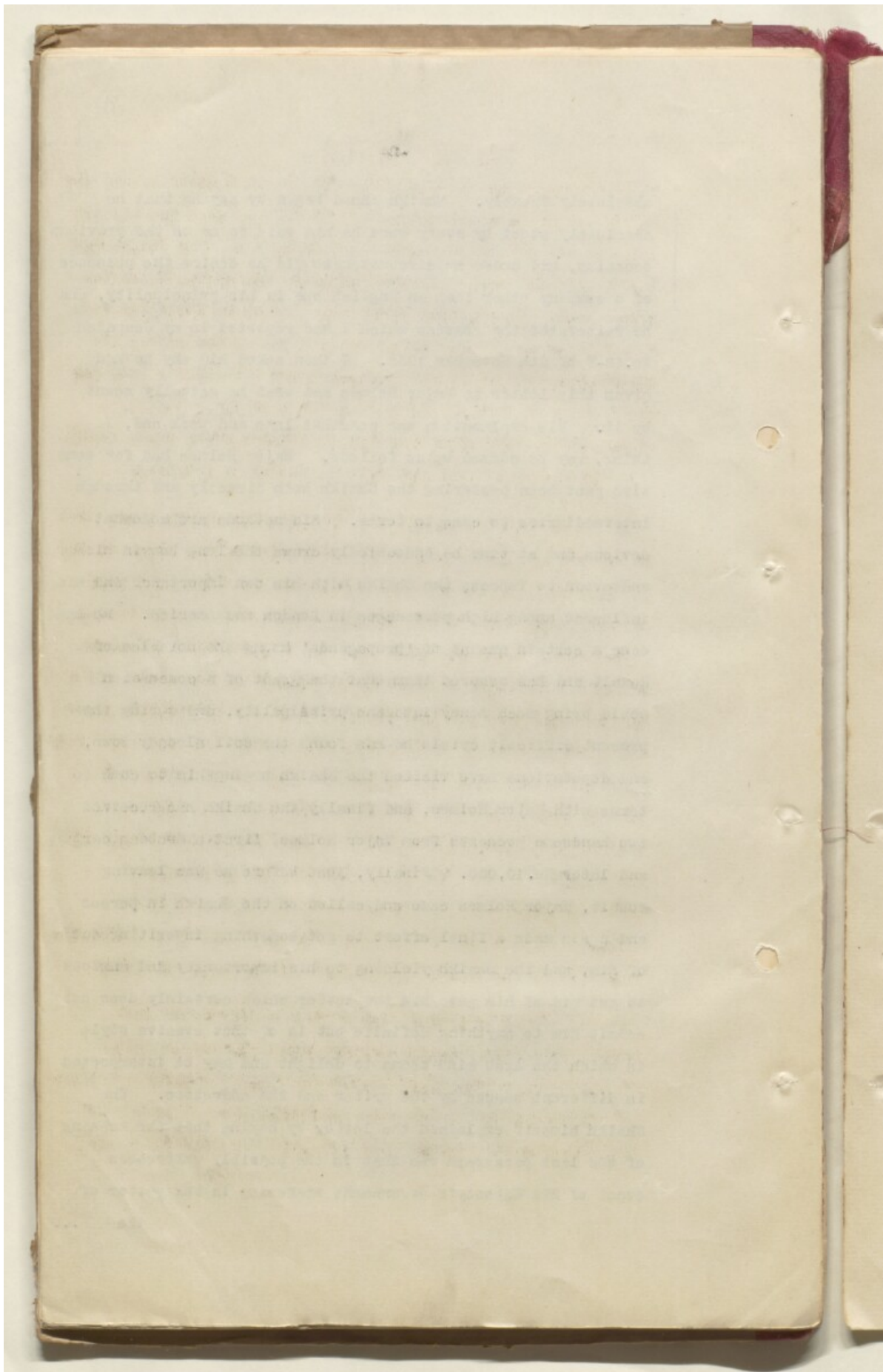
His Majesty's Secretary of State
for the Colonies,
Colonial Office,
LONDON.





-2-

absolutely frankly. Shaikh Ahmad began by saying that he absolutely stood by every word he had said to me on the previous occasion, and under no circumstances did he desire the presence of a company other than an English one in his principality, and he reiterated the reasons which I had reported in my despatch No.40-T of 9th November 1930. I then asked him why he had given this letter to Major Holmes and what he actually meant by it. His explanation was somewhat lame and weak and, I think, may be summed up as follows. Major Holmes had for some time past been pestering the Shaikh both directly and through intermediaries to come to terms. His methods are somewhat devious and at time he undoubtedly draws the long bow in his endeavour to impress the Shaikh with his own importance and his influence among high personages in London and America. He has done a certain amount of 'propaganda' among the notables of Kuwait and has assured them that the grant of a concession would bring much money into the principality, and during the present difficult crisis he has found the soil already sown, and deputations have visited the Shaikh urging him to come to terms with Major Holmes, and finally the Shaikh has received two handsome presents from Major Holmes, first a Sunbeam car and later Rs.10,000. Finally, just before he was leaving Kuwait, Major Holmes came and called on the Shaikh in person and again made a final effort to get something in writing out of him, and the Shaikh yielding to his importunity and anxious to get rid of him gave him the letter which certainly does not commit him to anything definite but is of that evasive style in which the Arab mind seems to delight and may be interpreted in different senses by the writer and the addressee. The Shaikh himself explained the letter by saying that the meaning of the last paragraph was that in the possibly unforeseen event of His Majesty's Government weakening in the matter of
the ...



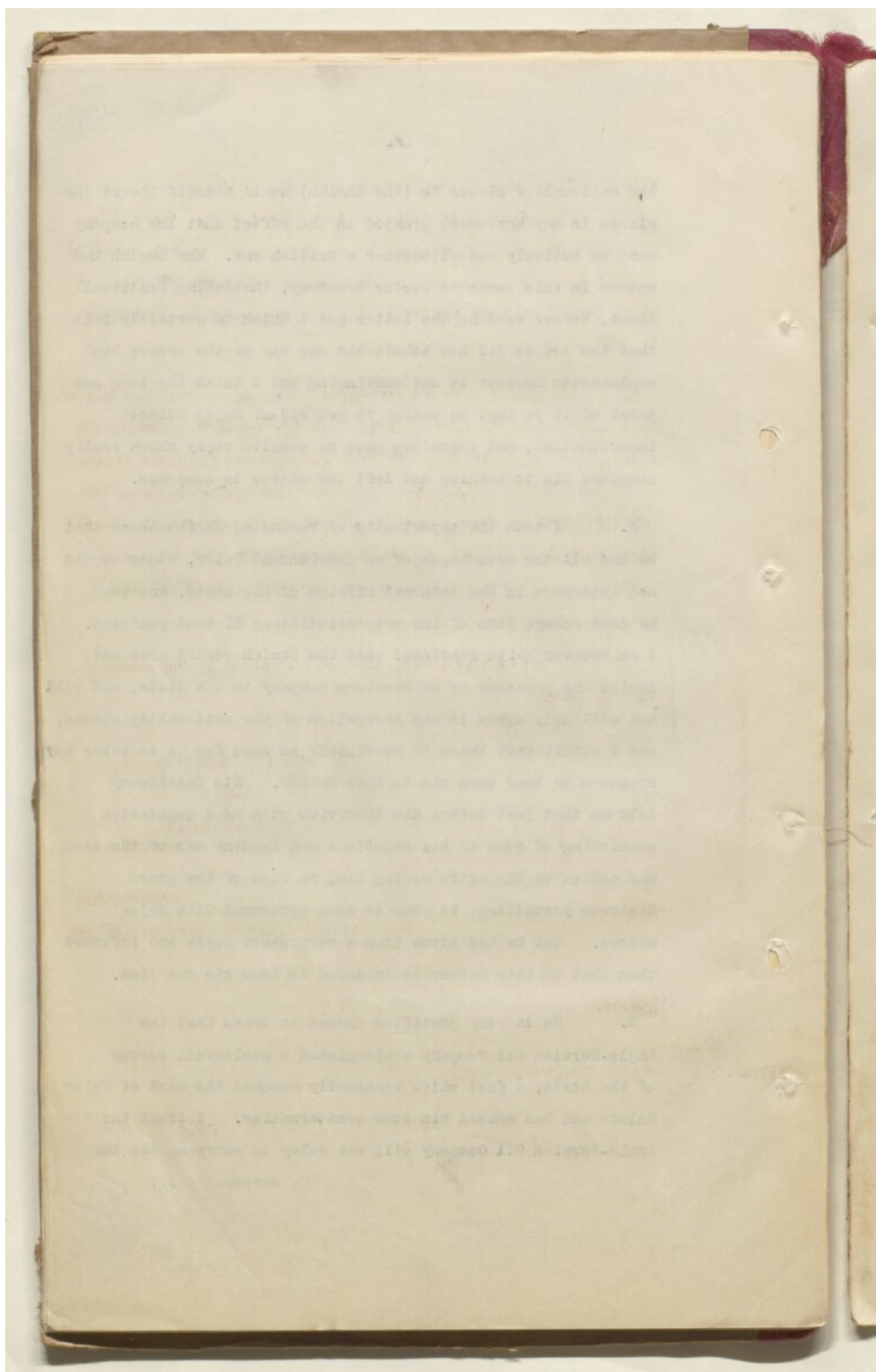


-5-

the nationality clause he (the Shaikh) would himself insert the clause in any agreement granted to the effect that the company must be entirely and altogether a British one. The Shaikh had spoken in this sense to Doctor Greenway, the Acting Political Agent, before sending the letter and I think he certainly felt that the letter did not commit him one way or the other; his explanation however is not convincing and I think the long and short of it is that he wanted to get rid of Major Holmes' importunities, and therefore gave an evasive reply which really committed him to nothing and left the matter in suspense.

4. I took the opportunity of reminding Shaikh Ahmad that he had all the advantages of an independent ruler, since we did not interfere in the internal affairs of his State, and that he must accept some of the responsibilities of that position. I am however quite convinced that the Shaikh really does not desire the presence of an American company in his State, and will not willingly agree to any abrogation of the nationality clause, and I submit that there is absolutely no need for us to bring any pressure to bear upon him in this matter. His Excellency told me that just before his interview with me a deputation consisting of some of his relations and leading men of the town had called on him again urging him, in view of the grave distress prevailing, to come to some agreement with Major Holmes. But he had given them a very short reply and informed them that in this matter he intended to take his own line.

5. He is very gratified indeed to learn that the Anglo-Persian Oil Company contemplated a geological survey of the State, a fact which apparently reached the ears of Major Holmes and had caused him some consternation. I trust the Anglo-Persian Oil Company will not delay in carrying out the survey, ...





-4-

survey, which will strengthen the Shaikh's hands and, if the survey is successful and results in a definite application by the Anglo-Persian Oil Company for a concession, it will relieve the British authorities from the somewhat delicate position in which they have been placed by the activities of Major Holmes on behalf of American interests.

6. I should like to mention in conclusion that the Shaikh made a most earnest appeal to me that His Majesty's Government should take some steps to relieve the blockade which is pressing so hard upon this small principality. He reiterated that he had consistently endeavoured to follow their advice and to meet their wishes, and that in return he did think that it was incumbent upon them to relieve him and his people from the grip of Bin Saud.

I am sending a copy of this despatch to the Government of India.

I have the honour to be,

Sir,

Your most obedient,
humble servant,

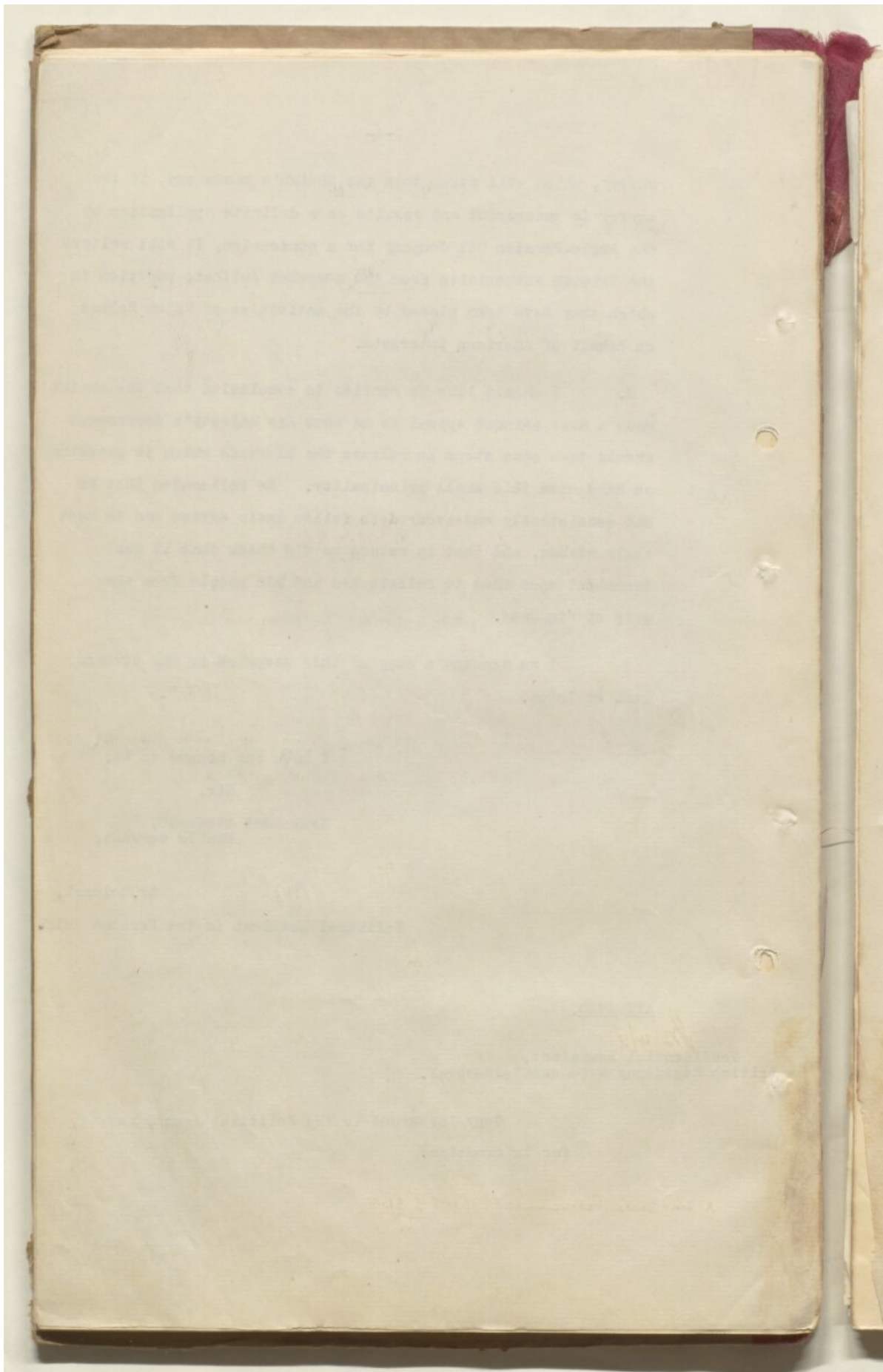
9c
Jmy
Lt.Colonel,
Political Resident in the Persian Gulf.

ATTESTED.

7/2 4/4
Confidential Assistant,
British Residency & Consulate-General.

Copy forwarded to the Political Agent, Kuwait,
for information.

X sent to Mr. P. S. P. 17/3/54 of 3/11/54





86/1
44(52)

Extract from private letter dated the 12th
November 1931 from Col. Dickson, Kuwait to Colonel
Biscoe.

* * * * *

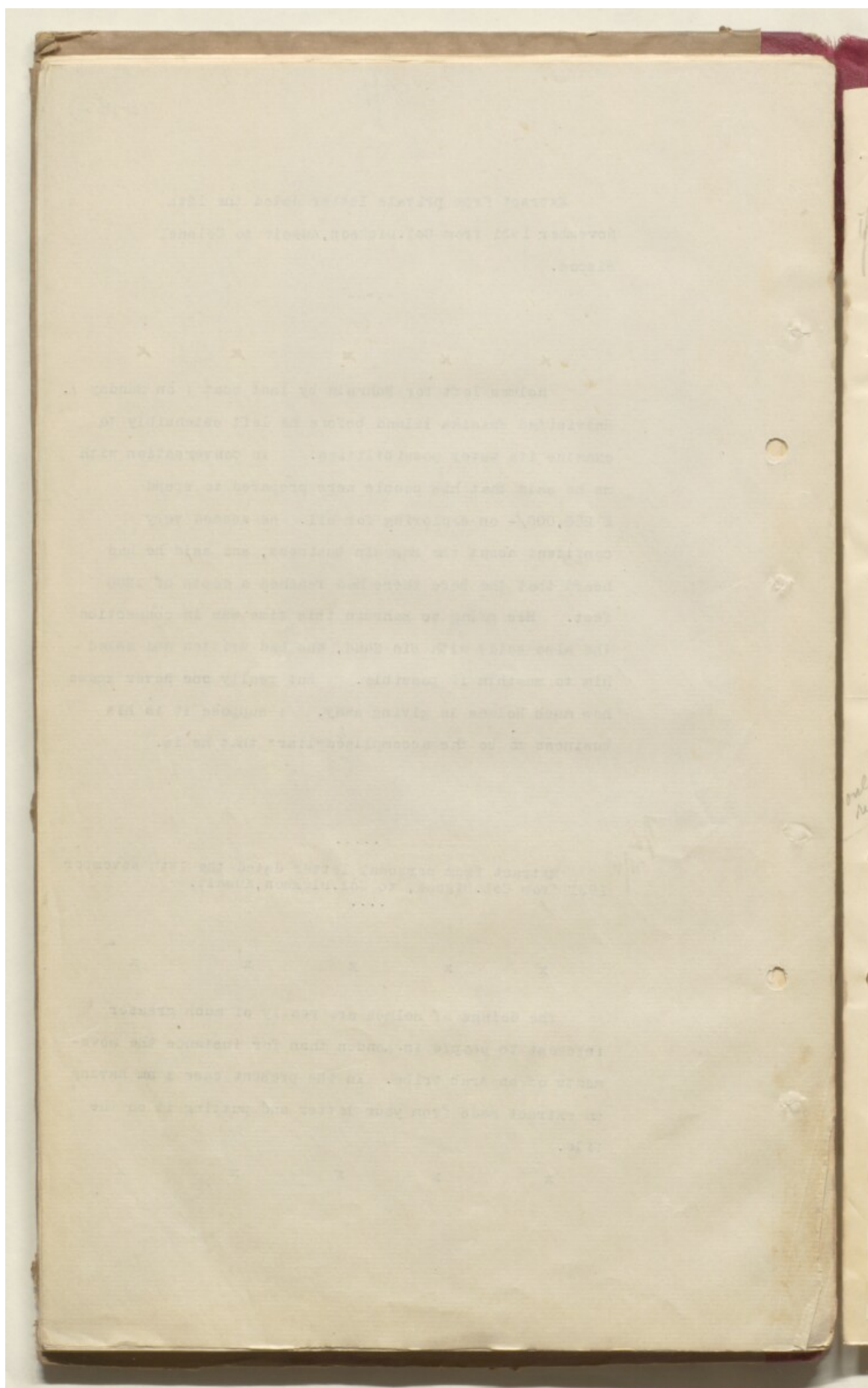
Holmes left for Bahrain by last boat (on Sunday).
He visited Walaika island before he left ostensibly to
examine its water possibilities. in conversation with
me he said that his people were prepared to spend
£ 280,000/- on exploring for oil. He seemed very
confident about the Bahrain business, and said he had
heard that the bore there had reached a depth of 1200
feet. His going to Bahrain this time was in connection
(he also said) with Bin Saud, who had written and asked
him to meet him if possible. But really one never knows
how much Holmes is giving away. I suppose it is his
business to be the accomplished "liar" that he is.

7/11
.....
Extract from personal letter dated the 19th november
1931 from Col. Biscoe, to Col. Dickson, Kuwait.
.....

x * * * * x

The doings of Holmes are really of much greater
interest to people in London than for instance the move-
ments of an Arab tribe. In the present case I am having
an extract made from your letter and putting it on the
file.

x * * * * x



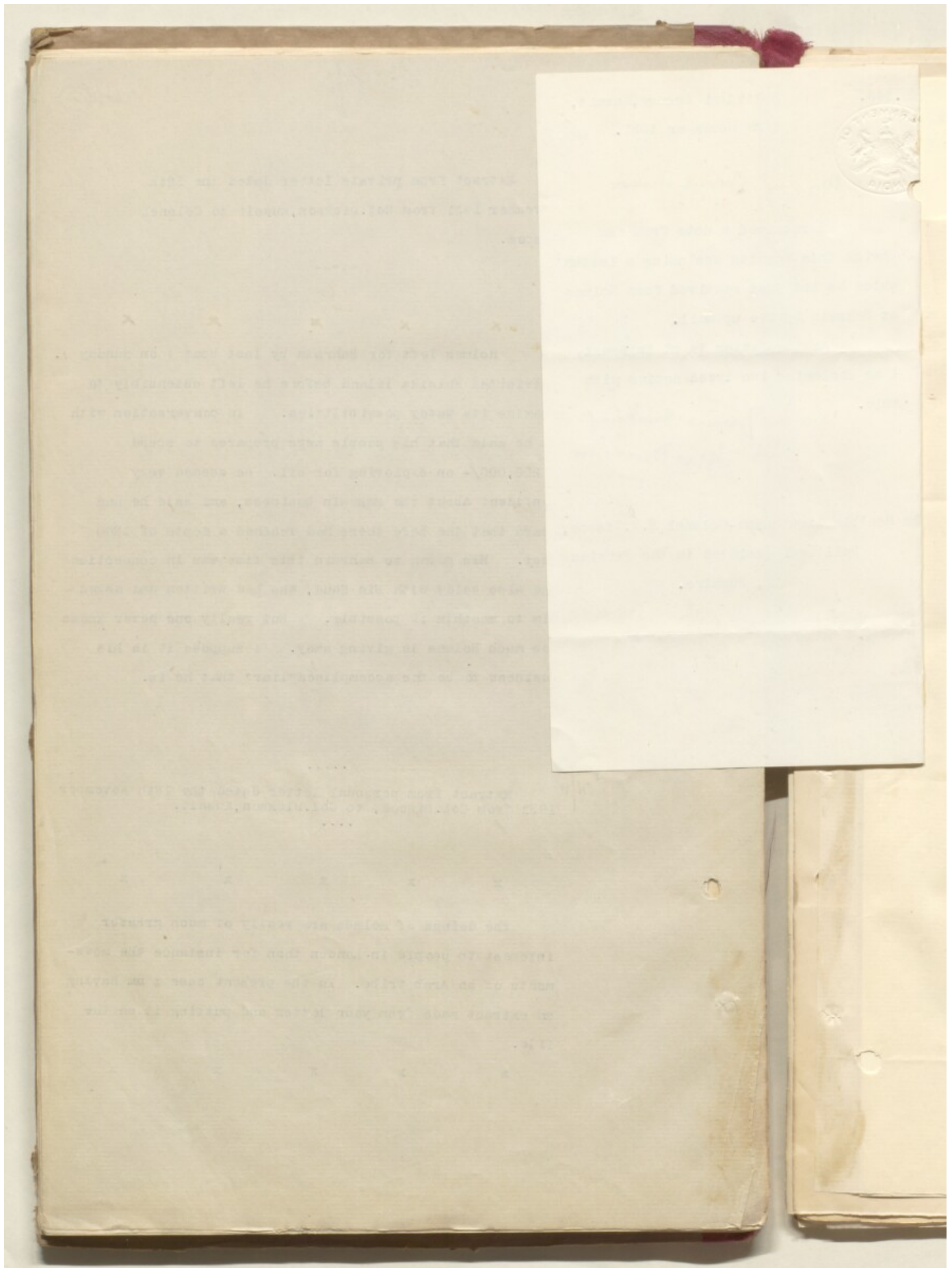
18th November 1931.

My dear Colonel Briscoe

As the letter is of interest,
I am enclosing two typed copies with
this.

The Hon'ble Lieutenant-Colonel H.V.Biscoe,
Political Resident in the Persian
Gulf, Bushire.

BUSINESS FORM
Reg. No. 1694
Date... 23/11/31
CONFIDENTIAL





C O P Y.

(Copy made in file 86/2)

46 (54)

Bahrain, 15th November 1931.

His Excellency Sir Shaikh Ahmad al Jabir,
Ruler of Kuwait.

K U W A I T.

Your Excellency,

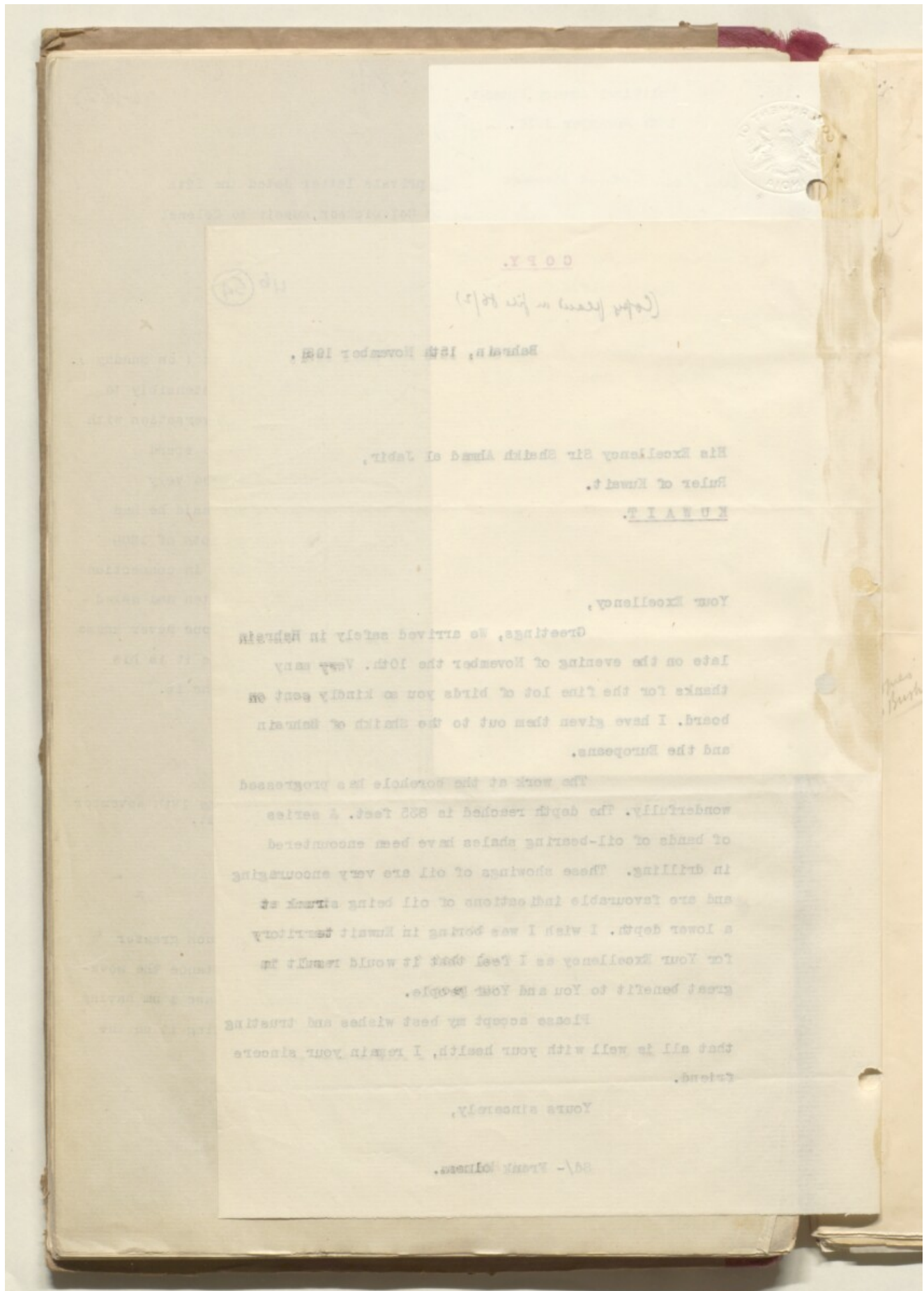
Greetings, We arrived safely in Bahrain late on the evening of November the 10th. Very many thanks for the fine lot of birds you so kindly sent on board. I have given them out to the Shaikh of Bahrain and the Europeans.

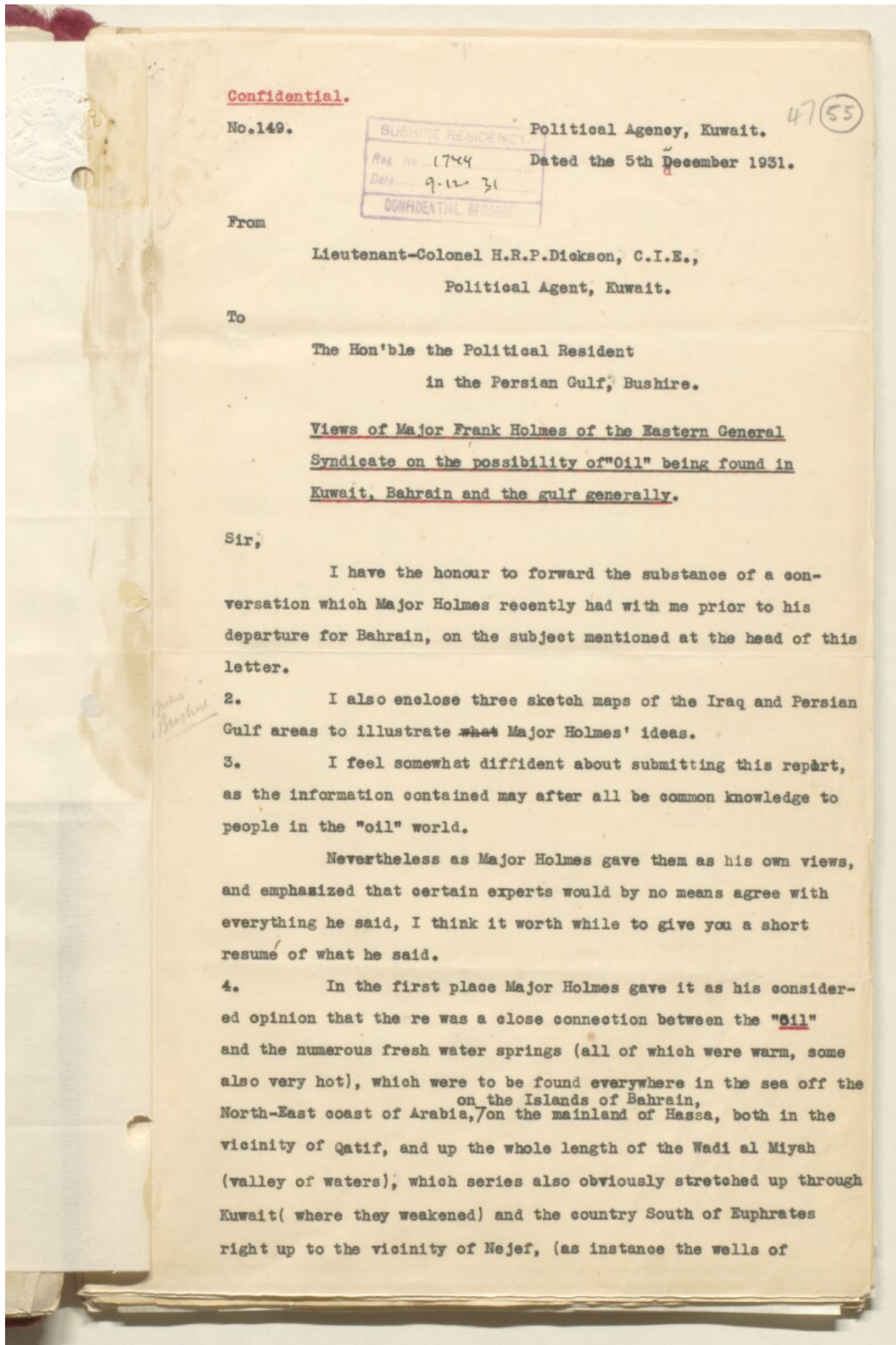
The work at the borehole has progressed wonderfully. The depth reached is 835 feet. A series of bands of oil-bearing shales have been encountered in drilling. These showings of oil are very encouraging and are favourable indications of oil being struck at a lower depth. I wish I was boring in Kuwait territory for Your Excellency as I feel that it would result in great benefit to You and Your people.

Please accept my best wishes and trusting that all is well with your health, I remain your sincere friend.

Yours sincerely,

Sd/- Frank Holmes.





Confidential.

No.149.

BUSHIRE RESIDENCY	
Reg. No. 1744	Dated the 5th December 1931.
Date 9-12-31	
CONFIDENTIAL RECORD	

Political Agency, Kuwait.

Dated the 5th December 1931.

From

Lieutenant-Colonel H.R.P. Dickson, C.I.E.,
Political Agent, Kuwait.

To

The Hon'ble the Political Resident
in the Persian Gulf, Bushire.

Views of Major Frank Holmes of the Eastern General
Syndicate on the possibility of "Oil" being found in
Kuwait, Bahrain and the Gulf generally.

Sir,

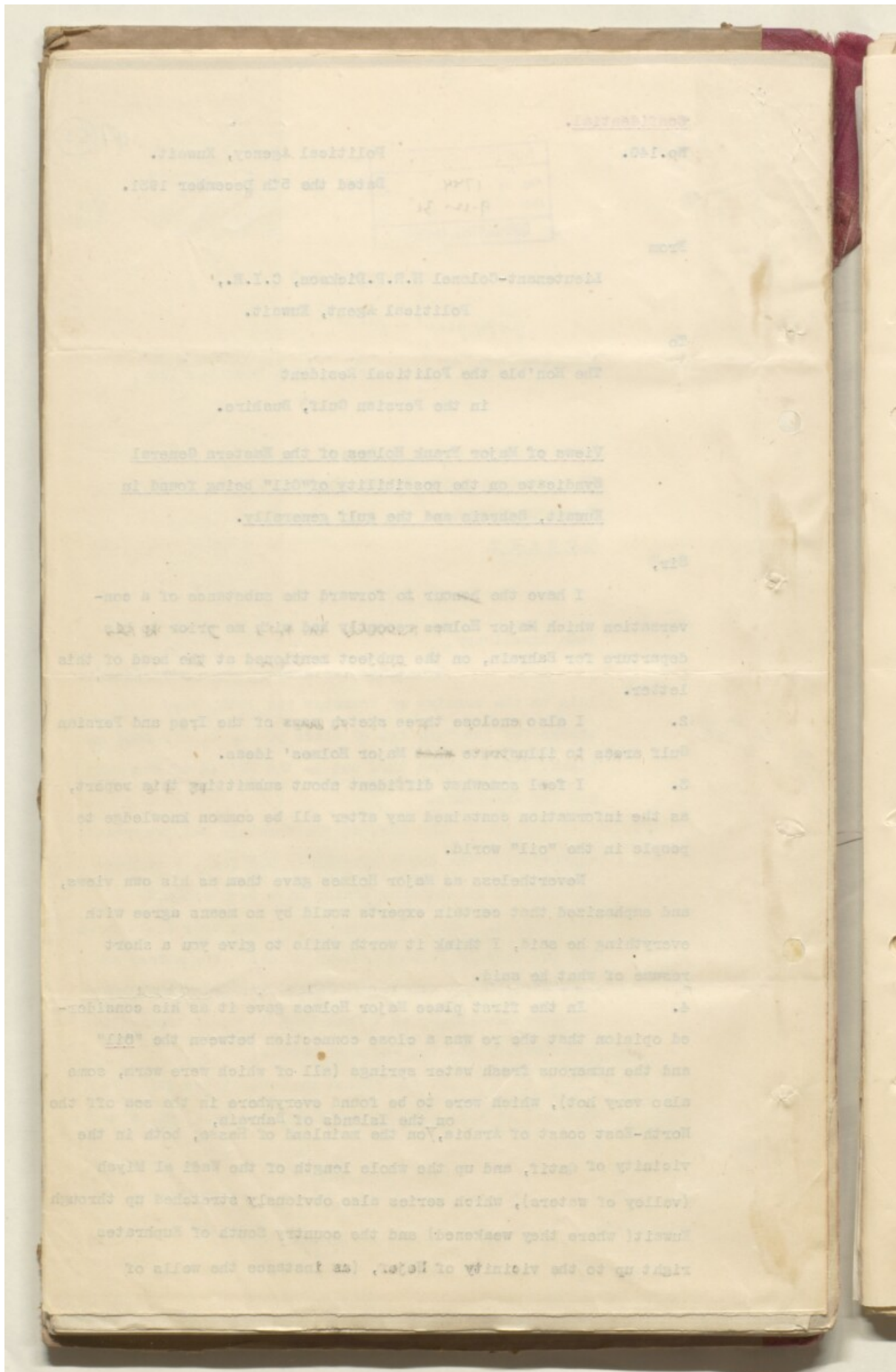
I have the honour to forward the substance of a conversation which Major Holmes recently had with me prior to his departure for Bahrain, on the subject mentioned at the head of this letter.

2. I also enclose three sketch maps of the Iraq and Persian Gulf areas to illustrate what Major Holmes' ideas.

3. I feel somewhat diffident about submitting this report, as the information contained may after all be common knowledge to people in the "oil" world.

Nevertheless as Major Holmes gave them as his own views, and emphasized that certain experts would by no means agree with everything he said, I think it worth while to give you a short resume of what he said.

4. In the first place Major Holmes gave it as his considered opinion that there was a close connection between the "oil" and the numerous fresh water springs (all of which were warm, some also very hot), which were to be found everywhere in the sea off the North-East coast of Arabia, on the Islands of Bahrain, on the mainland of Hassa, both in the vicinity of Qatif, and up the whole length of the Wadi al Miyah (valley of waters), which series also obviously stretched up through Kuwait (where they weakened) and the country South of Euphrates right up to the vicinity of Nejed, (as instance the wells of





-2-

of Shagra Abu Ghar, Ruhba etc).

48 (56)

5. This water Major Holmes was of opinion came from the Persian Mountains and not from the highlands of ~~He~~jaz and Nejd as hitherto supposed, and passing under the Persian Gulf and the lower end of Iraq, at a great depth (as instance the heat) was eventually forced up again on the line described in the preceeding para by a sort of fault in the earth's surface which took the form, to use an easily understood simile, of a great rocky wall or cliff, which came up from a great depth and ran in a North and South Easterly direction following the general line of the Persian Gulf and the valley of the Euphrates.

6. The same "cliff" formation was in the same way trying to help "Oil" to the surface, as witness the "Bitumen" seapages which are to be found stretching from Hit on the Euphrates, past Tel al Mugaiyir (Ur), Burgan in Kuwait territory, also Qatif and Bahrain.

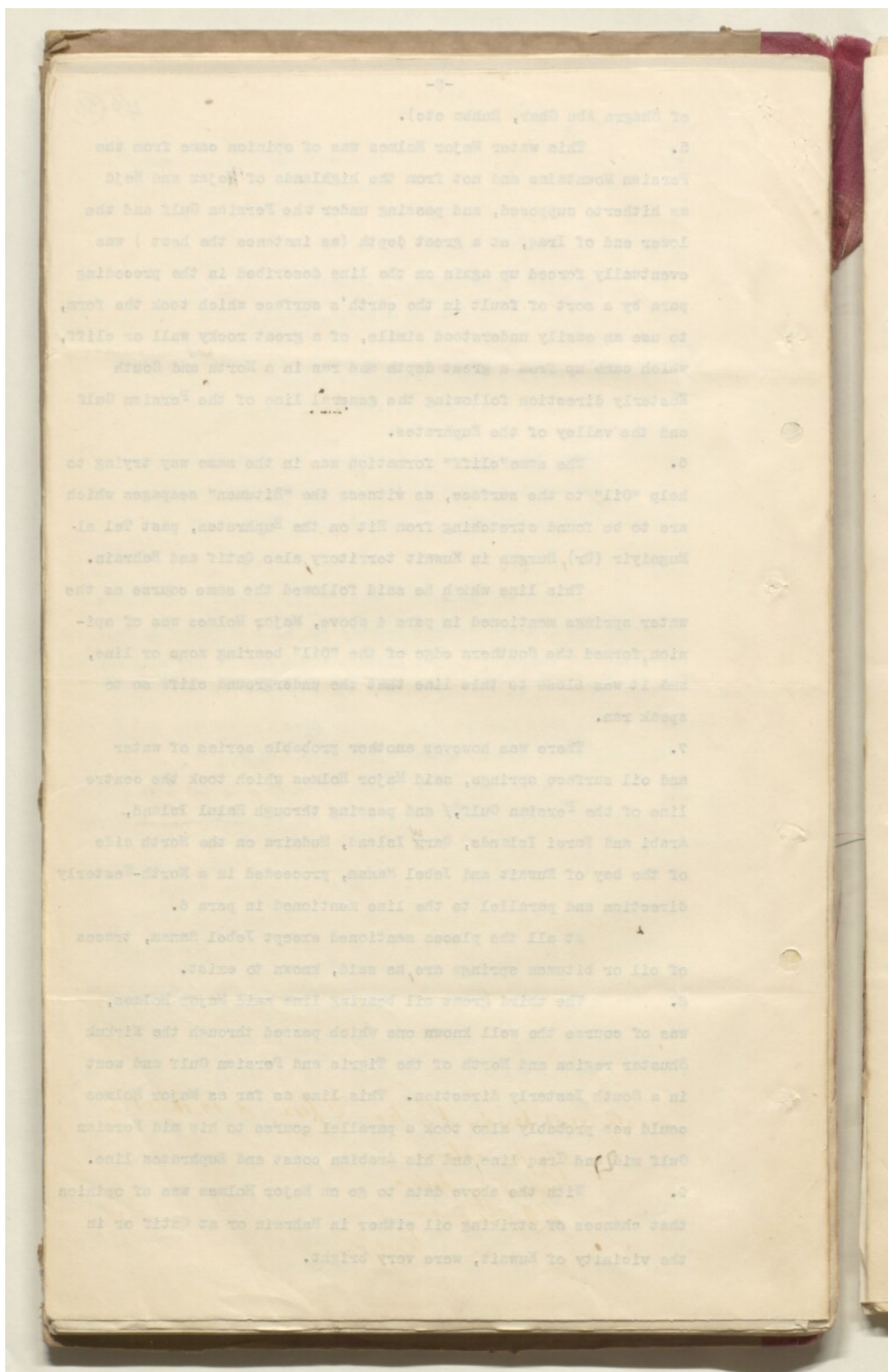
This line which he said followed the same course as the water springs mentioned in para 4 above, Major Holmes was of opinion, formed the Southern edge of the "Oil" bearing zone or line, and it was close to this line that the underground cliff so to speak ran.

7. There was however another probable series of water and oil surface springs, said Major Holmes which took the centre line of the Persian Gulf, and passing through Halul Island, Arabi and Farsi Islands, Qarn Island, Mudaira on the North side of the bay of Kuwait and Jebel Sanam, proceeded in a North-Westerly direction and parallel to the line mentioned in para 6.

At all the places mentioned except Jebel Sanam, traces of oil or bitumen springs are, he said, known to exist.

8. The third great oil bearing line said Major Holmes, was of course the well known one which passed through the Kirkuk Shustar region and North of the Tigris and Persian Gulf and went in a South Easterly direction. This line as far as Major Holmes could see probably also took a parallel course to his mid Persian Gulf mid and Iraq line, and his Arabian coast and Euphrates line.

9. With the above data to go on Major Holmes was of opinion that chances of striking oil either in Bahrain or at Qatif or in the vicinity of Kuwait, were very bright.





-3-

4857

10. In spite of the fact that oil experts always pretended that surface oil indications never really meant anything, he Major Holmes said that he had yet to find an oil geologist who did not carefully follow such indications, or an Oil Company which did not find its eventual "spouter" in the vicinity of such indications.

11. As regards the formation of Jebel Dukhan at Bahrain where he was now boring Major Holmes volunteered the statement that never in his long and varied experience, had he found such a perfect example of an oiliferous ^{zone} ~~zone~~ - Everything including general strata and formation of the under surface rock etc. etc. promised success. His "bore" had gone down 800 odd feet or so, and already "oily Shales" were been extracted.

12. At Kuwait on the other hand there was he said a surface ooze of oil both at "Bahra" (close to Mudaira vide para 7), and also in the sea close to Ras al Abid (visible at low tide) near the southern boundry of Kuwait. This apart from the extensive bitumen deposits at Jebel Burgan on the Southern border of Kuwait. All of these indicated every likelihood of oil being found if bored for.

13. The attached sketch map, the original in the rough of which I persuaded Major Holmes to draw for me, will probably show better than I have been able to explain above, the theories and hopes held by Major Holmes.

I have the honour to be,

Sir,

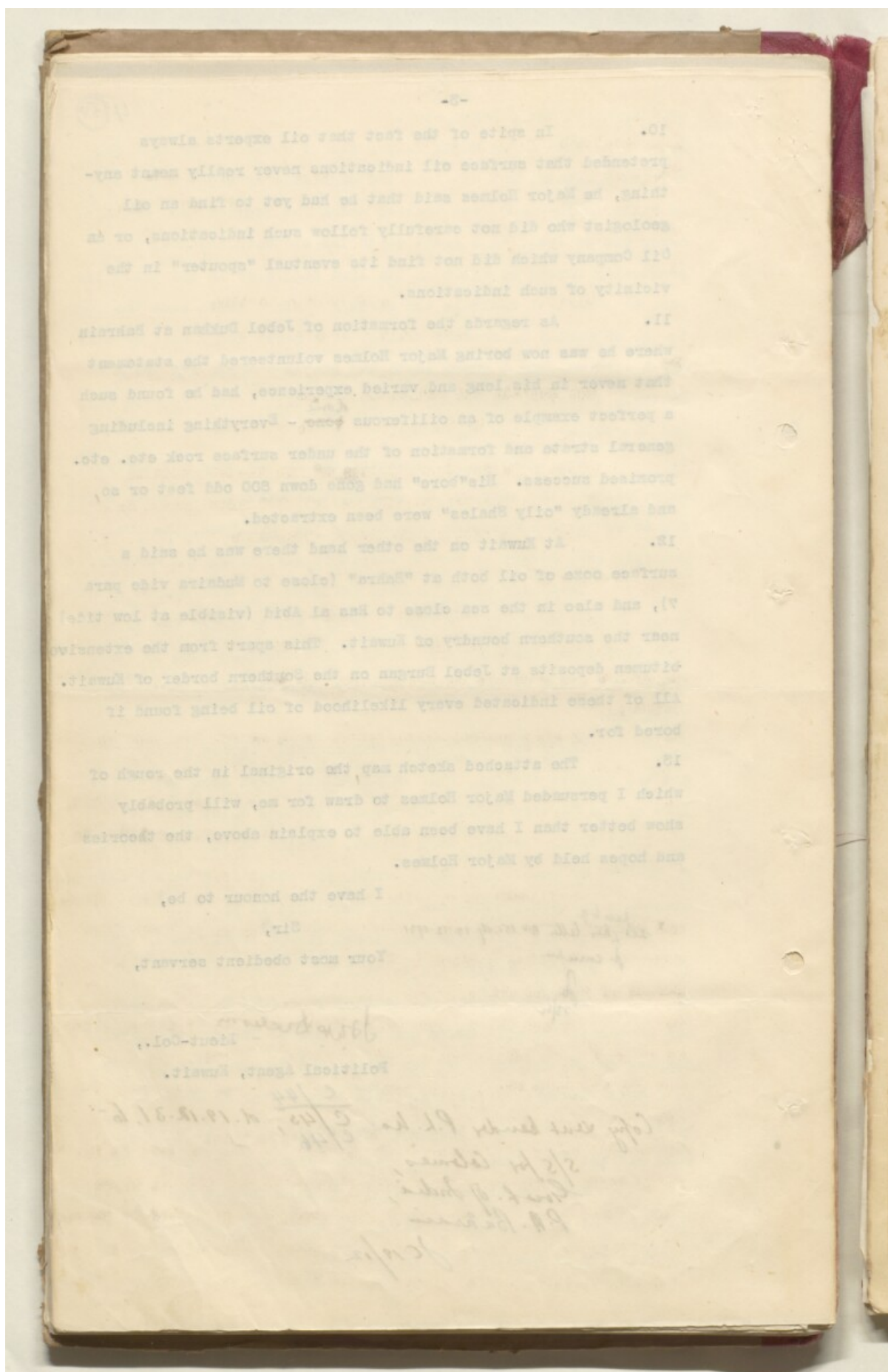
Your most obedient servant,

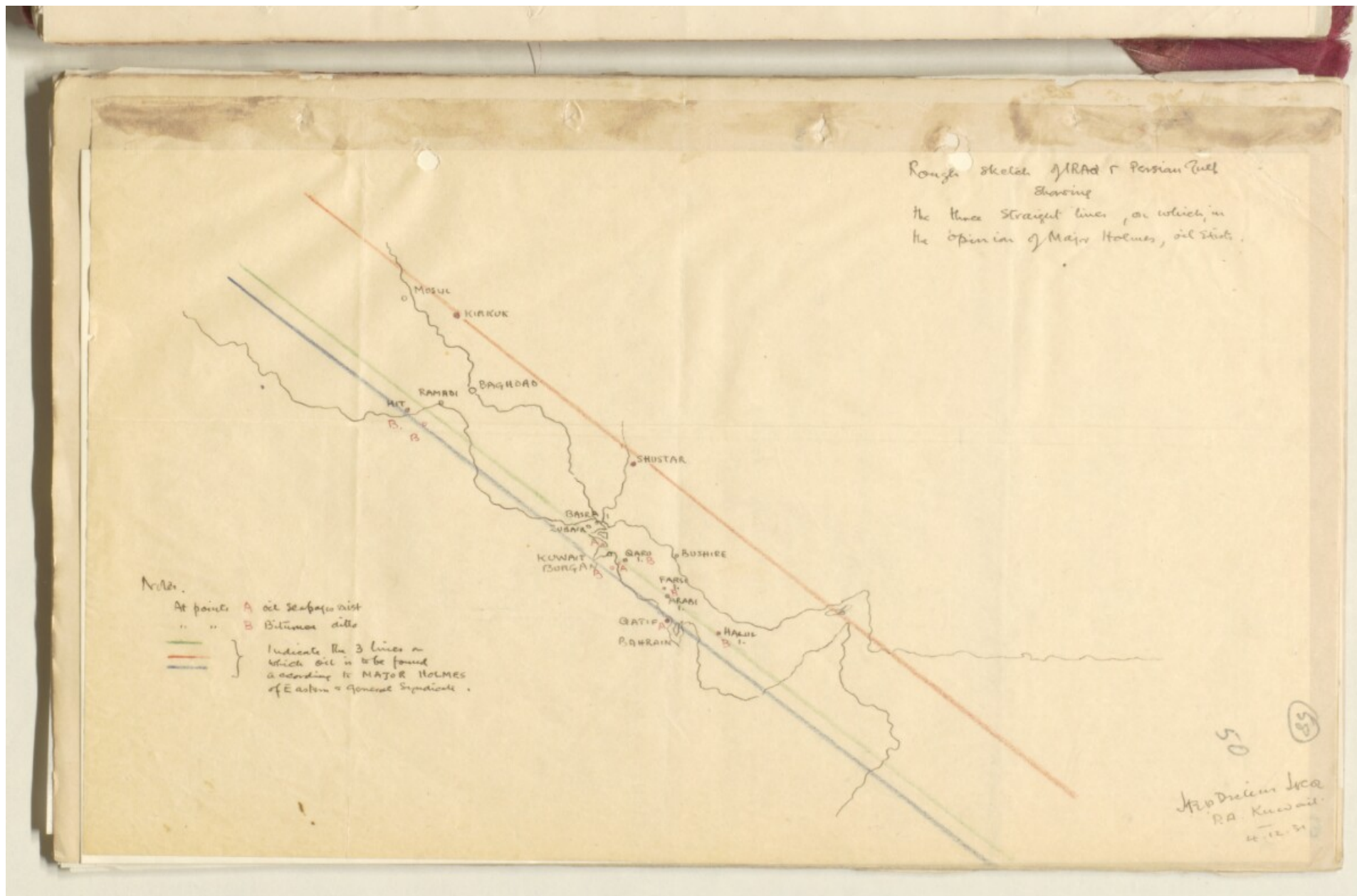
John Dickson
Lieut-Col.,

Political Agent, Kuwait.

*Recd by
his letter No 151, d. 12-12-1931
J. Dickson*

*Copy sent under P.L. No. $\frac{C}{44}$ $\frac{C}{45}$ $\frac{C}{46}$, d. 19.12.31. 6-
S/S for Colonies,
Govt. of India,
P.A. Bahrain.
JC 19/12*









86/1 ? 59

No.F.250-N/31.

BUSINESS REVENUE
No. 1748
Date 10-12-31
CONFIDENTIAL RECORDS

The undermentioned paper is forwarded to the Hon'ble the
Political Resident in the Persian Gulf, for information.

By order, etc.,

[Signature]
Assistant Secretary to the Government of India.

Foreign and Political Department,
New Delhi :

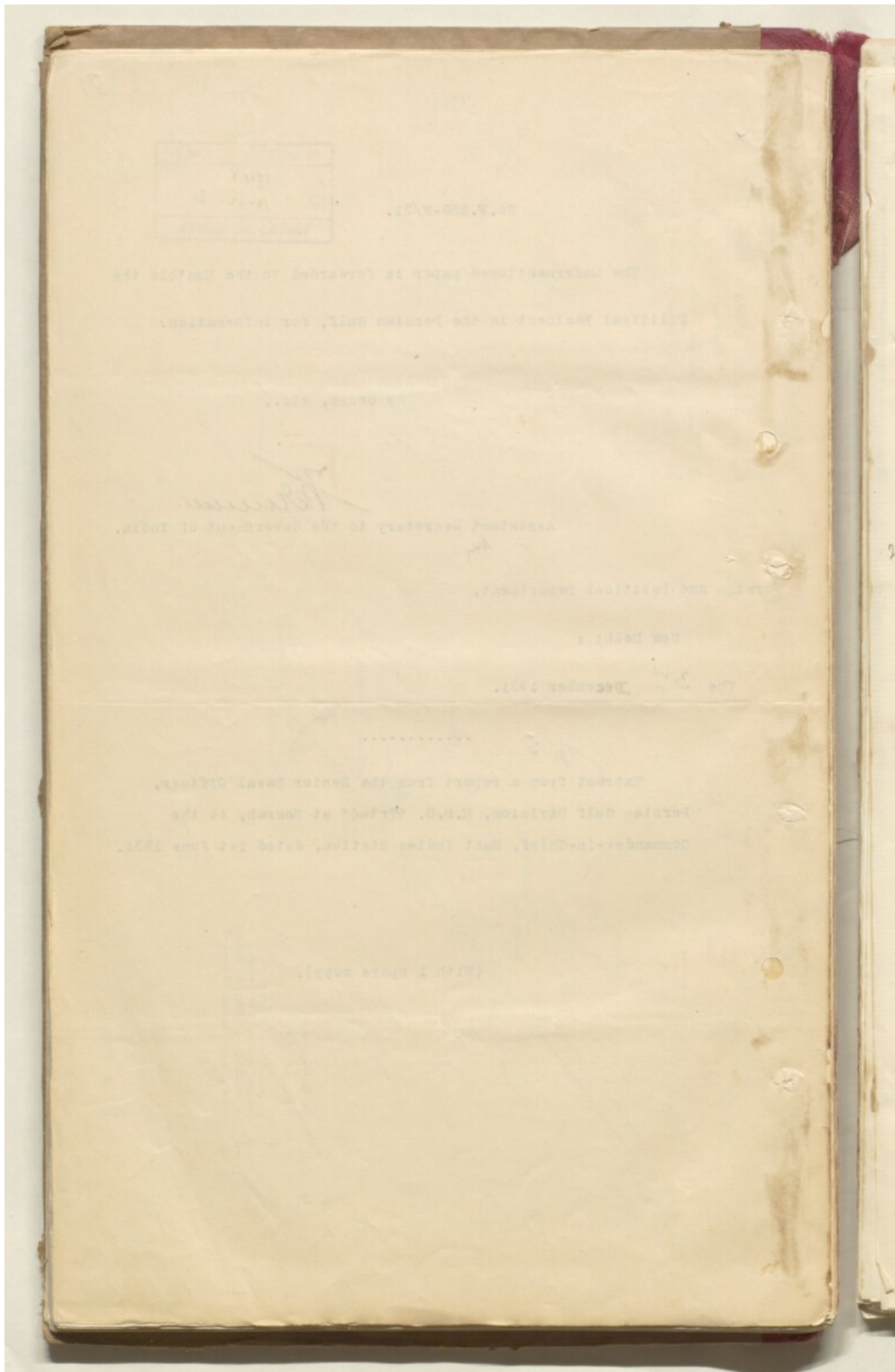
The 3rd December 1931.

.....

h.5
Extract from a report from the Senior Naval Officer,
Persian Gulf Division, H.M.S. "Triad" at Basrah, to the
Commander-in-Chief, East Indies Station, dated 1st June 1931.

(With 1 spare copy).

25/10/12





86/1 5260

Confidential.

No.151. Political Agency, Kuwait.
Dated the 12th December 1931.

From Lieutenant-Colonel H.R.P. Dickson, C.I.E.,
Political Agent, Kuwait.

To The Hon'ble the Political Resident
in the Persian Gulf, Bushire.

Sir,

Reference my confidential No.149 dated 5th December 1931 and paragraph 12, third line.

I have the honour to report that I recently made a careful search for the supposed oil seepage reported to be close to Ras al Abid (Qasr al Abid) by Major Holmes, and which he said was visible at low tide, but was unable to find any trace of oil or bitumen.

2. I also made careful enquiries from an old Arab official who knows the coast line there very well indeed, and he could give me no information of value.

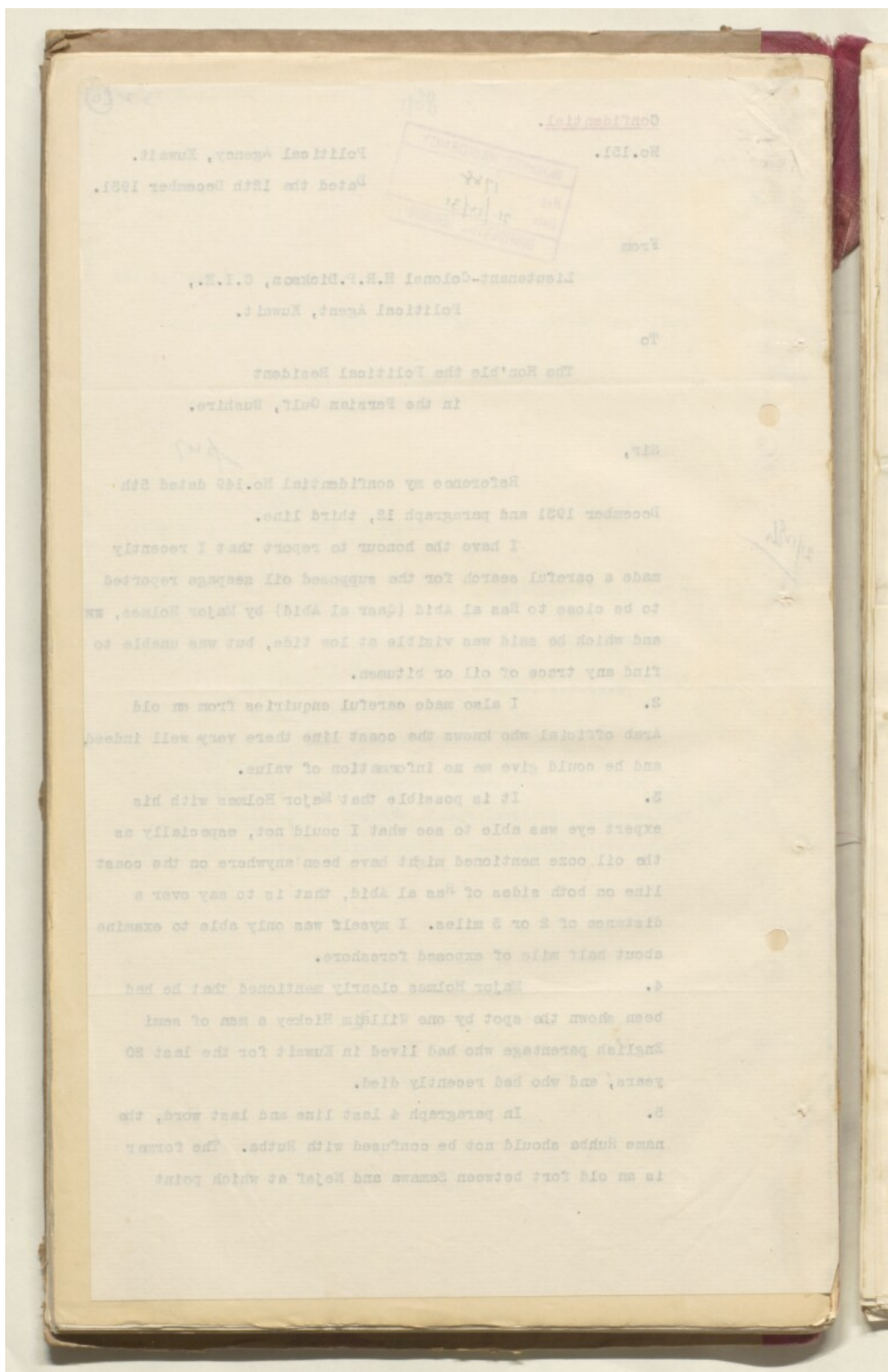
3. It is possible that Major Holmes with his expert eye was able to see what I could not, especially as the oil ooze mentioned might have been anywhere on the coast line on both sides of Ras al Abid, that is to say over a distance of 2 or 3 miles. I myself was only able to examine about half mile of exposed foreshore.

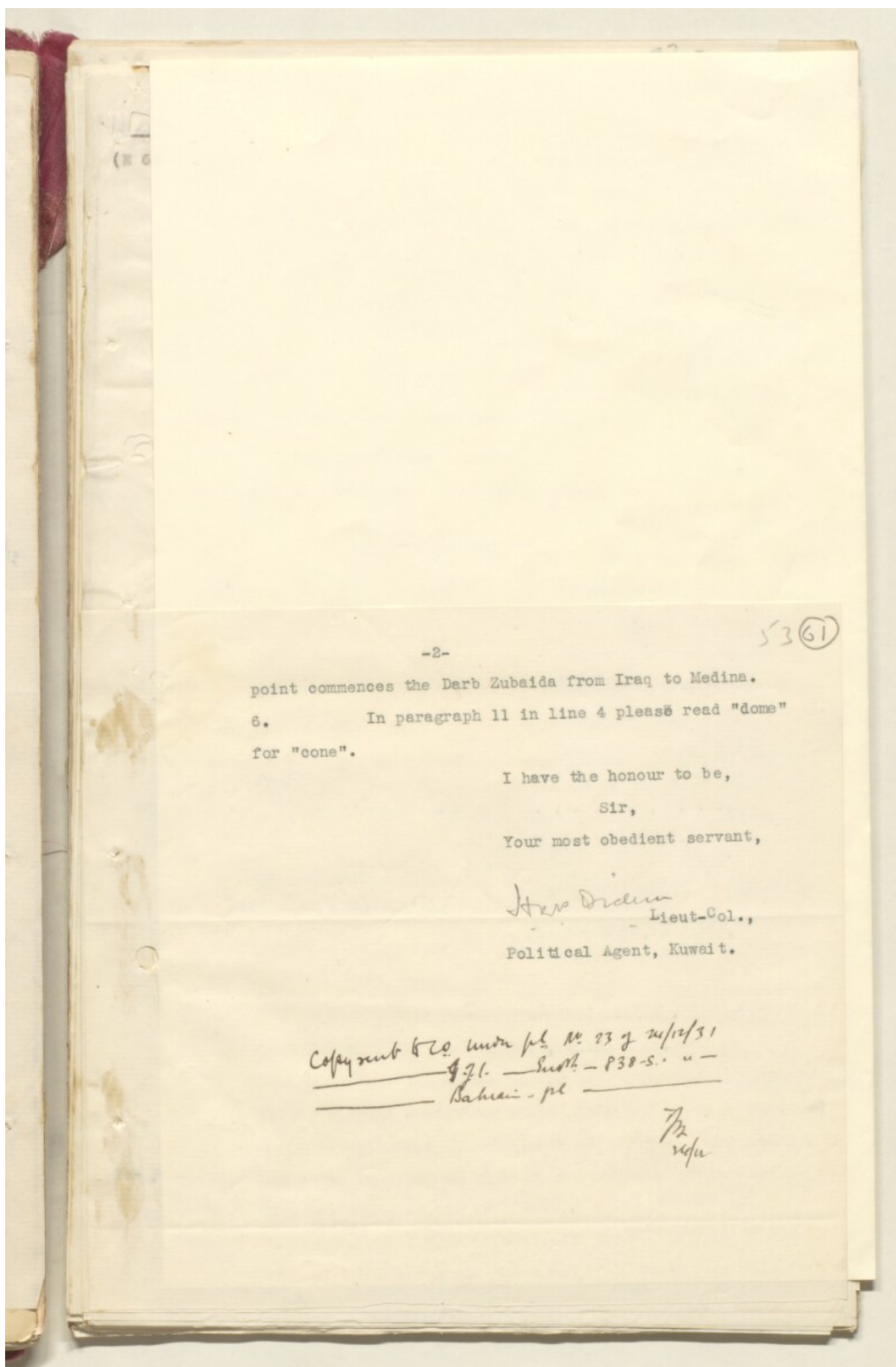
4. Major Holmes clearly mentioned that he had been shown the spot by one William Hickey a man of semi English parentage who had lived in Kuwait for the last 20 years, and who had recently died.

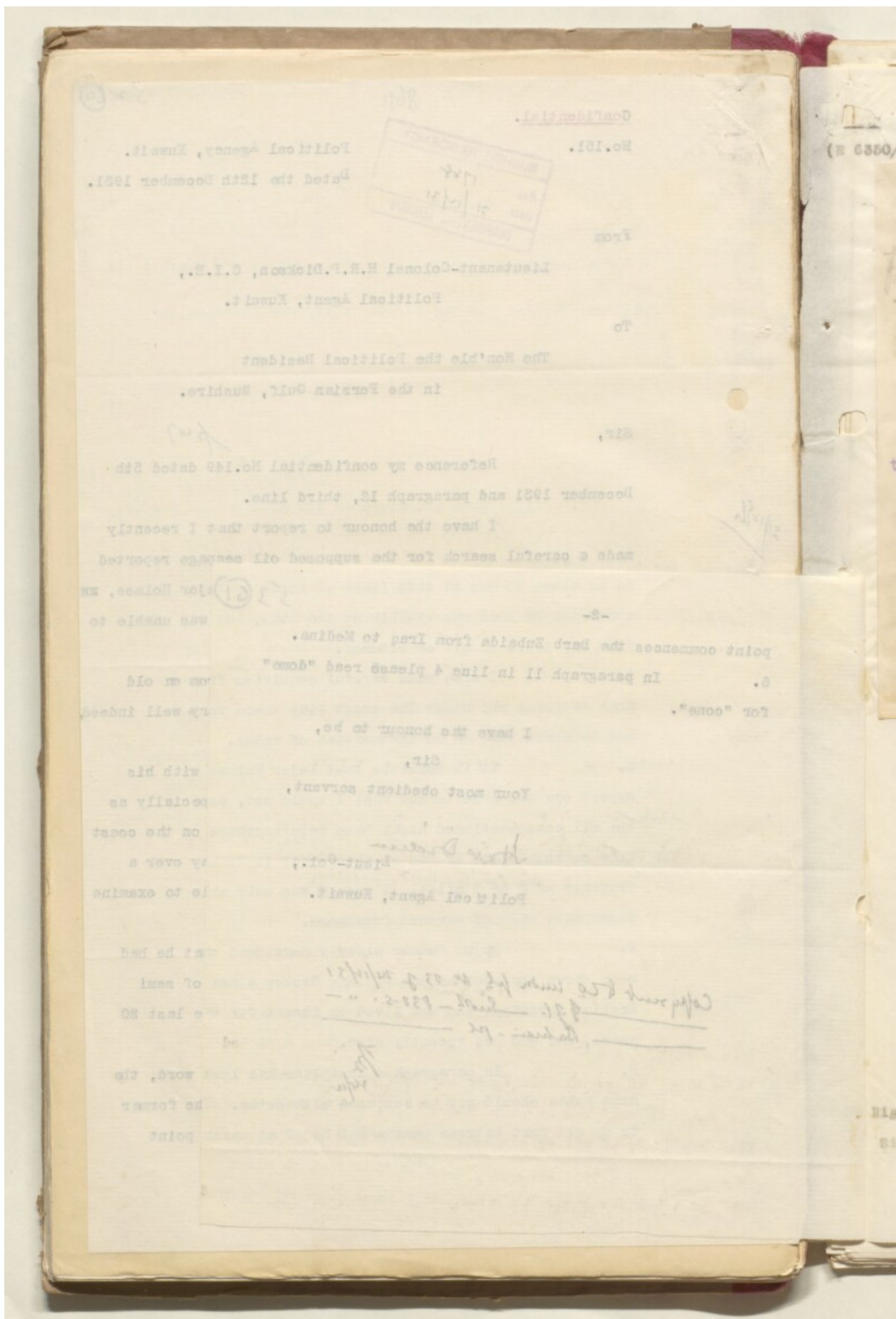
5. In paragraph 4 last line and last word, the name Ruhba should not be confused with Rutba. The former is an old fort between Samawa and Nejef at which point

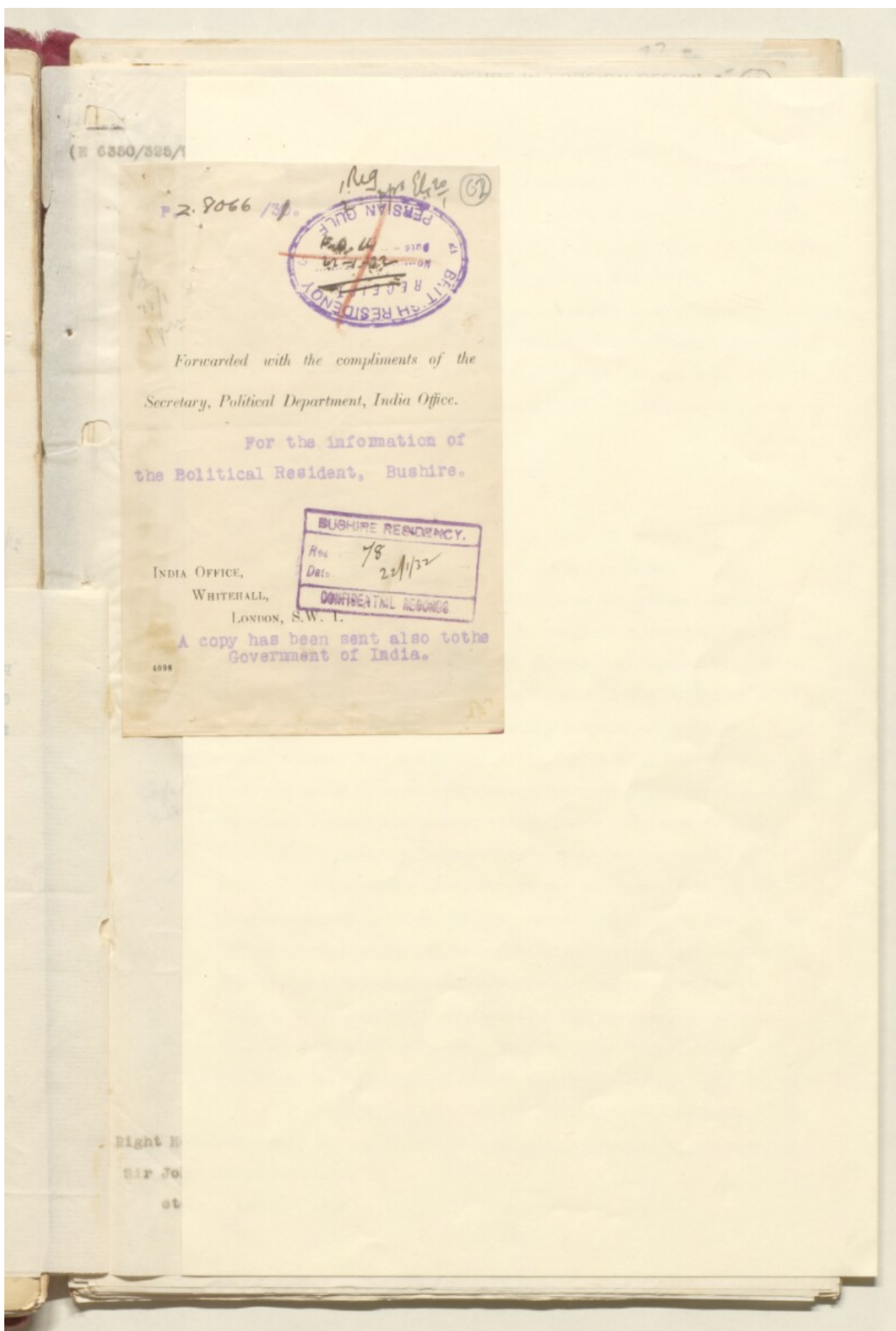
2/10/31

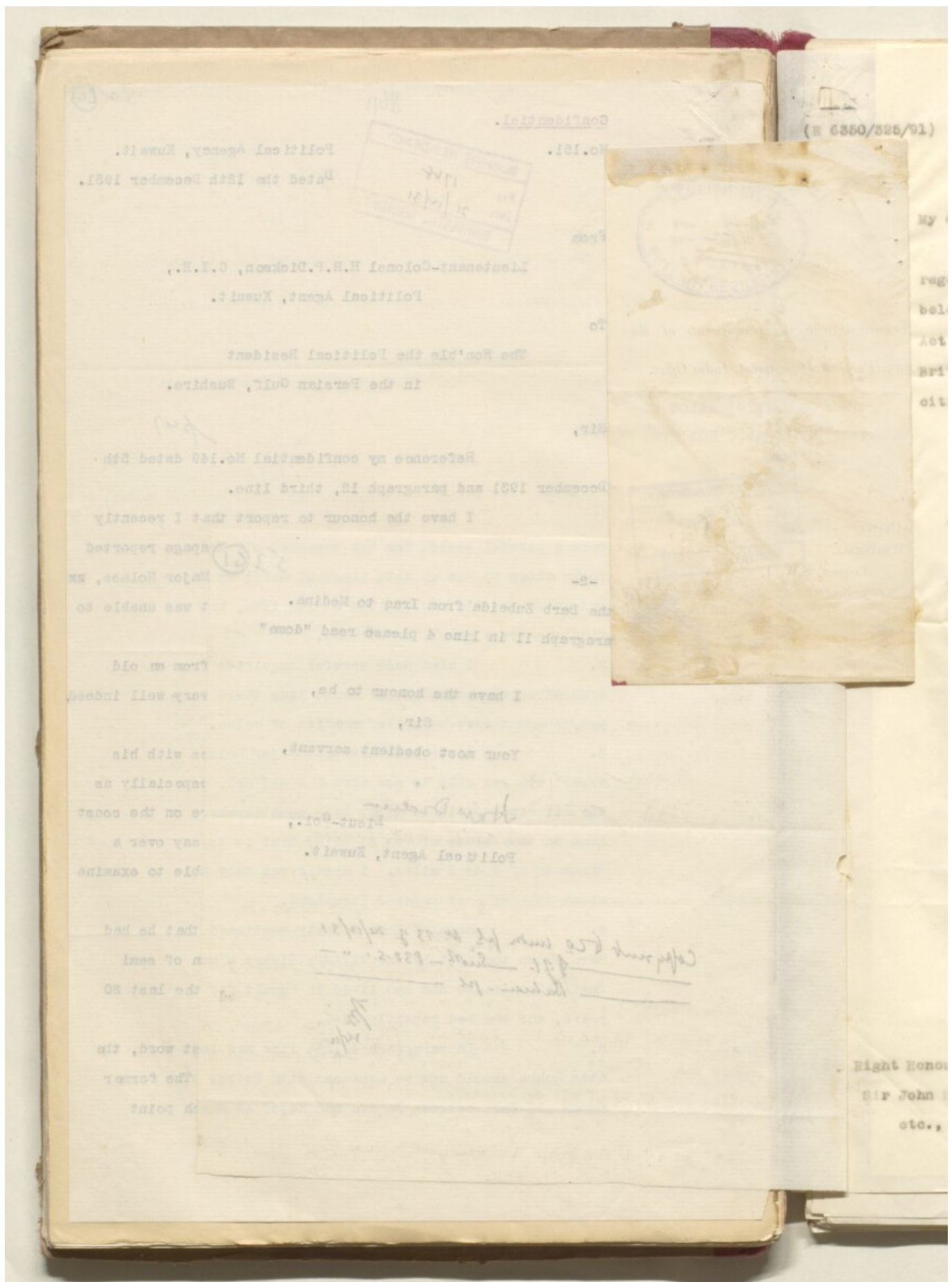
BUSHIRE RESIDENCY.
Recd 17/12/31
Date 21/12/31
CONFIDENTIAL RECORD

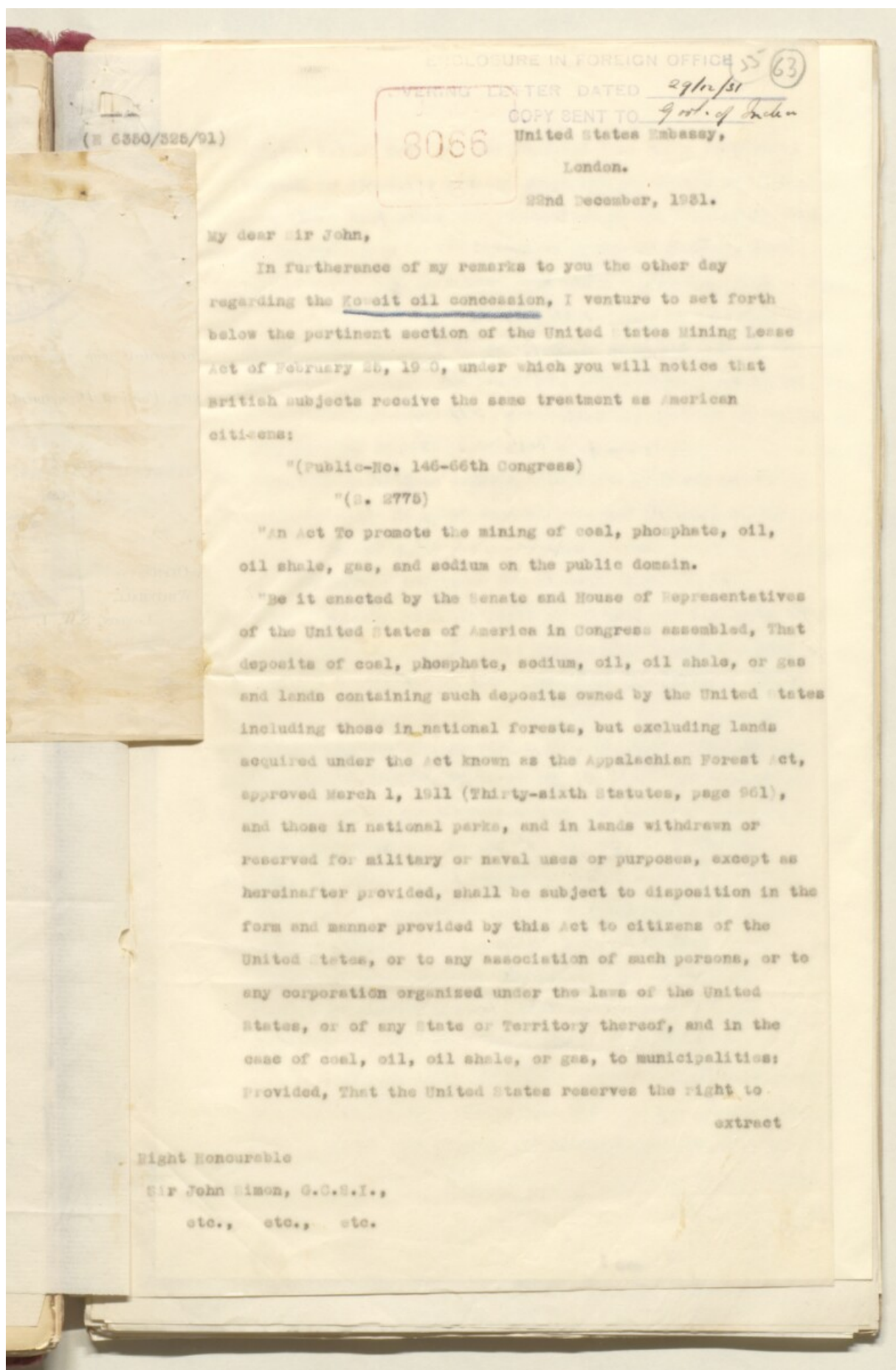












ENCLOSURE IN FOREIGN OFFICE

RECEIVED CENTER DATED 29/12/31

COPY SENT TO 9th of India

United States Embassy,

London.

22nd December, 1931.

My dear Sir John,

In furtherance of my remarks to you the other day regarding the Kuwait oil concession, I venture to set forth below the pertinent section of the United States Mining Lease Act of February 26, 1920, under which you will notice that British subjects receive the same treatment as American citizens:

"(Public-No. 146-66th Congress)

"(S. 2775)

"An Act To promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain.

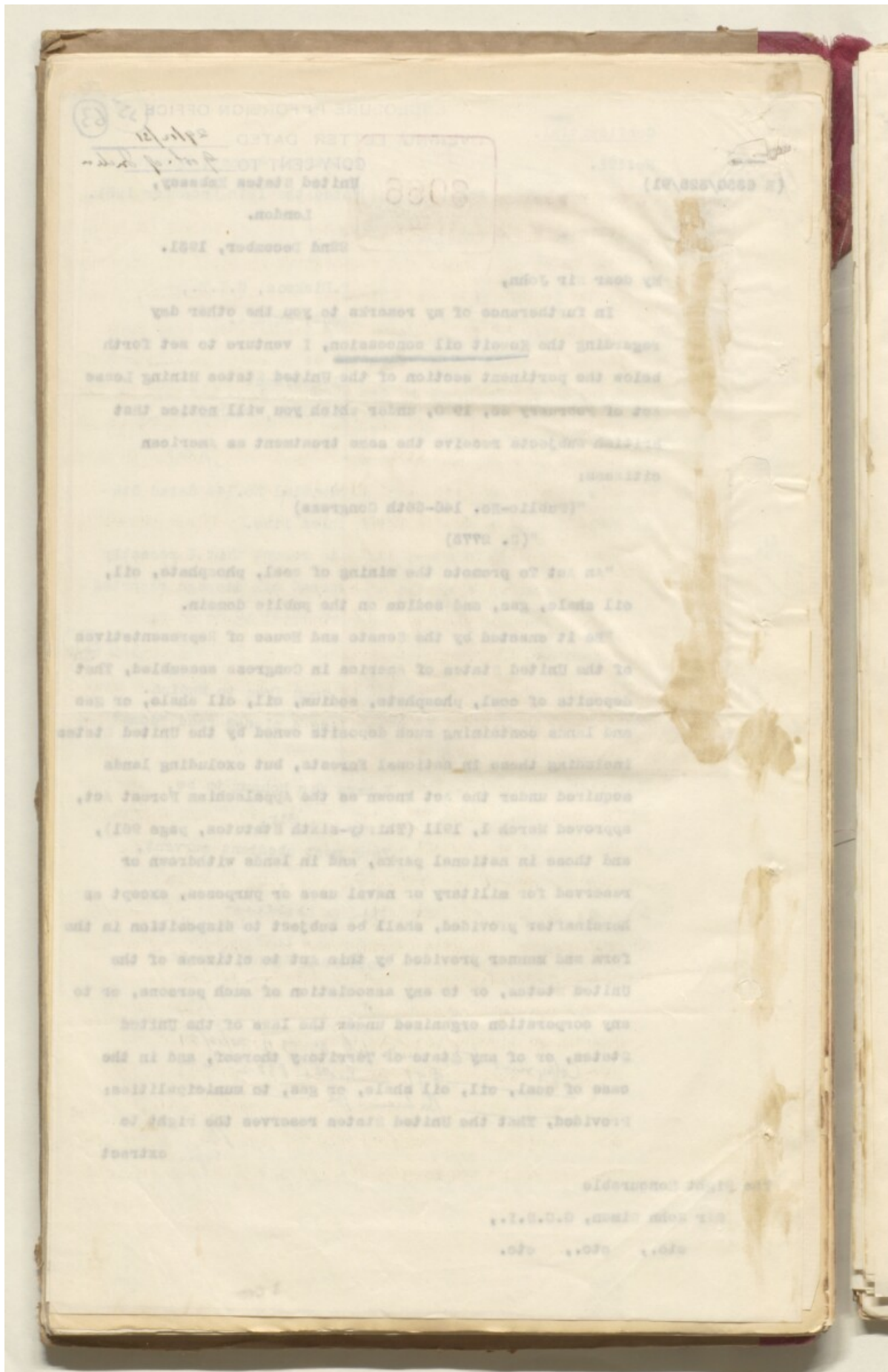
"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That deposits of coal, phosphate, sodium, oil, oil shale, or gas and lands containing such deposits owned by the United States including those in national forests, but excluding lands acquired under the Act known as the Appalachian Forest Act, approved March 1, 1911 (Thirty-sixth Statutes, page 861), and those in national parks, and in lands withdrawn or reserved for military or naval uses or purposes, except as hereinafter provided, shall be subject to disposition in the form and manner provided by this Act to citizens of the United States, or to any association of such persons, or to any corporation organized under the laws of the United States, or of any State or Territory thereof, and in the case of coal, oil, oil shale, or gas, to municipalities: Provided, That the United States reserves the right to

extract

Right Honourable

Sir John Simon, G.C.S.I.,

etc., etc., etc.





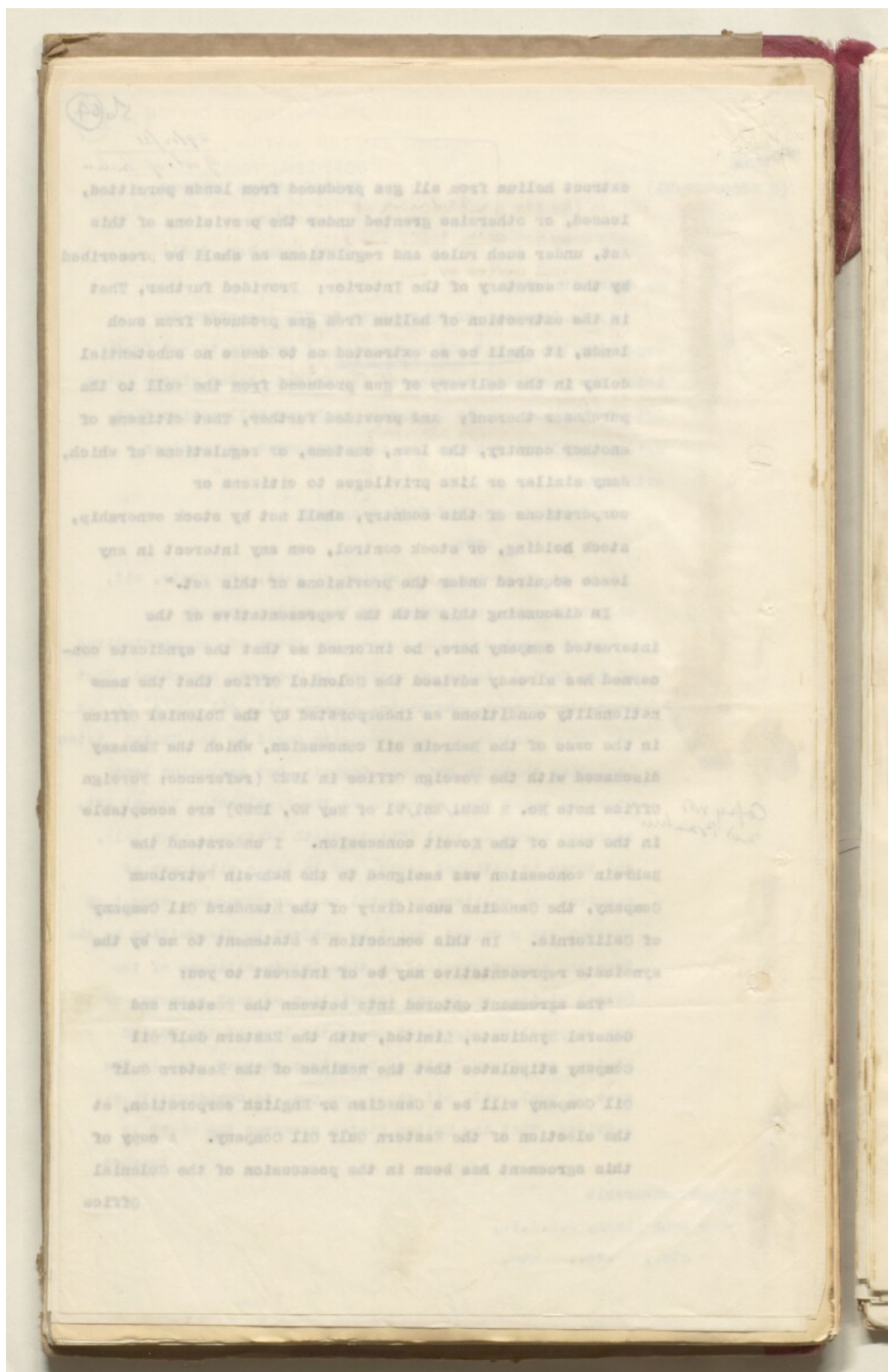
5664

extract helium from all gas produced from lands permitted, leased, or otherwise granted under the provisions of this Act, under such rules and regulations as shall be prescribed by the Secretary of the Interior; Provided further, That in the extraction of helium from gas produced from such lands, it shall be so extracted as to cause no substantial delay in the delivery of gas produced from the well to the purchaser thereof; And provided further, That citizens of another country, the laws, customs, or regulations of which, deny similar or like privileges to citizens or corporations of this country, shall not by stock ownership, stock holding, or stock control, own any interest in any lease acquired under the provisions of this Act."

In discussing this with the representative of the interested company here, he informed me that the syndicate concerned has already advised the Colonial Office that the same nationality conditions as incorporated by the Colonial Office in the case of the Bahrain oil concession, which the Embassy discussed with the Foreign Office in 1929 (reference: Foreign Office note No. N 2521/281/31 of May 29, 1929) are acceptable in the case of the Kuwait concession. I understand the Bahrain concession was assigned to the Bahrain Petroleum Company, the Canadian subsidiary of the Standard Oil Company of California. In this connection a statement to me by the syndicate representative may be of interest to you:

*Copy not
not provided*

"The agreement entered into between the Eastern and General Syndicate, Limited, with the Eastern Gulf Oil Company stipulates that the nominee of the Eastern Gulf Oil Company will be a Canadian or English corporation, at the election of the Eastern Gulf Oil Company. A copy of this agreement has been in the possession of the Colonial Office





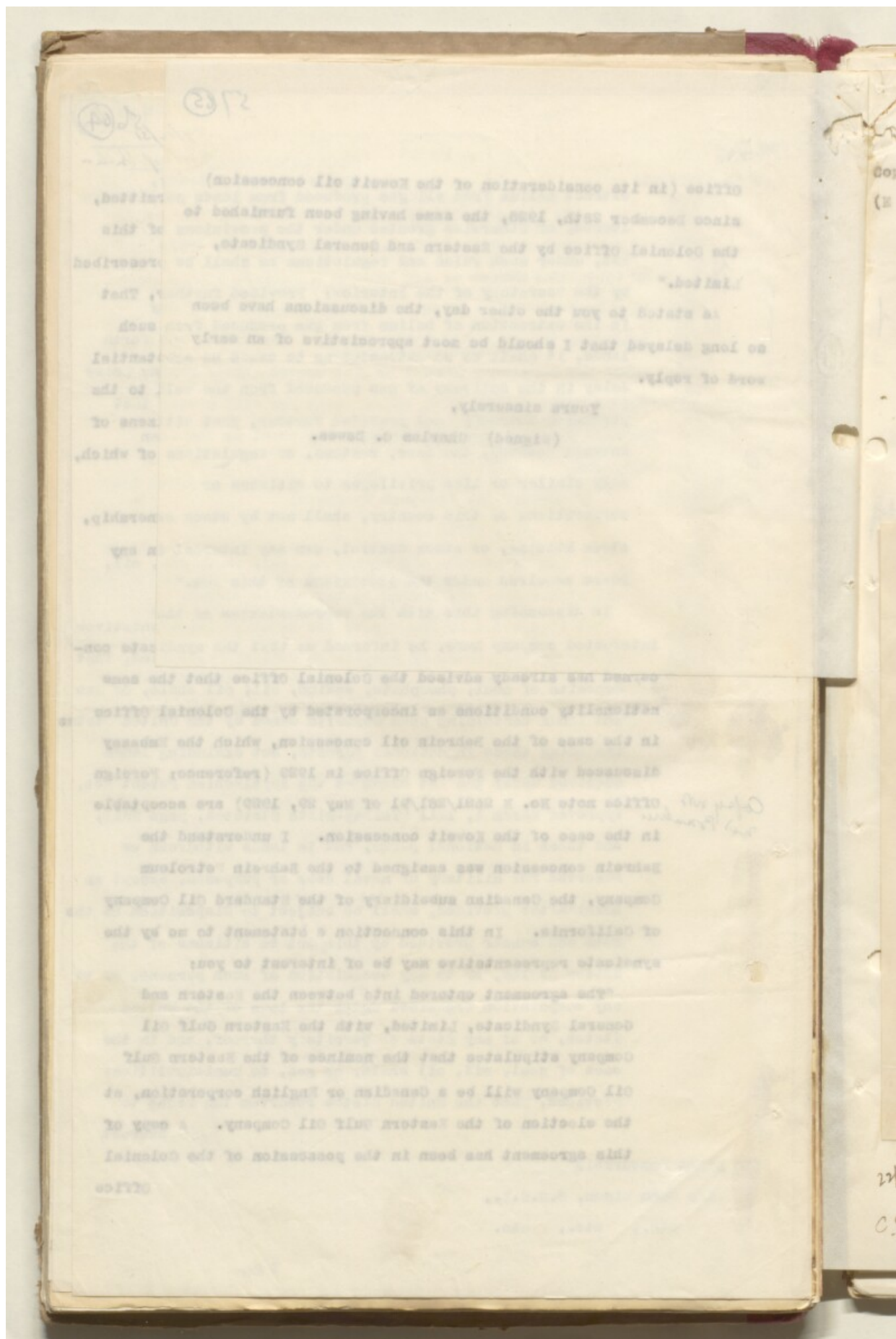
57(5)

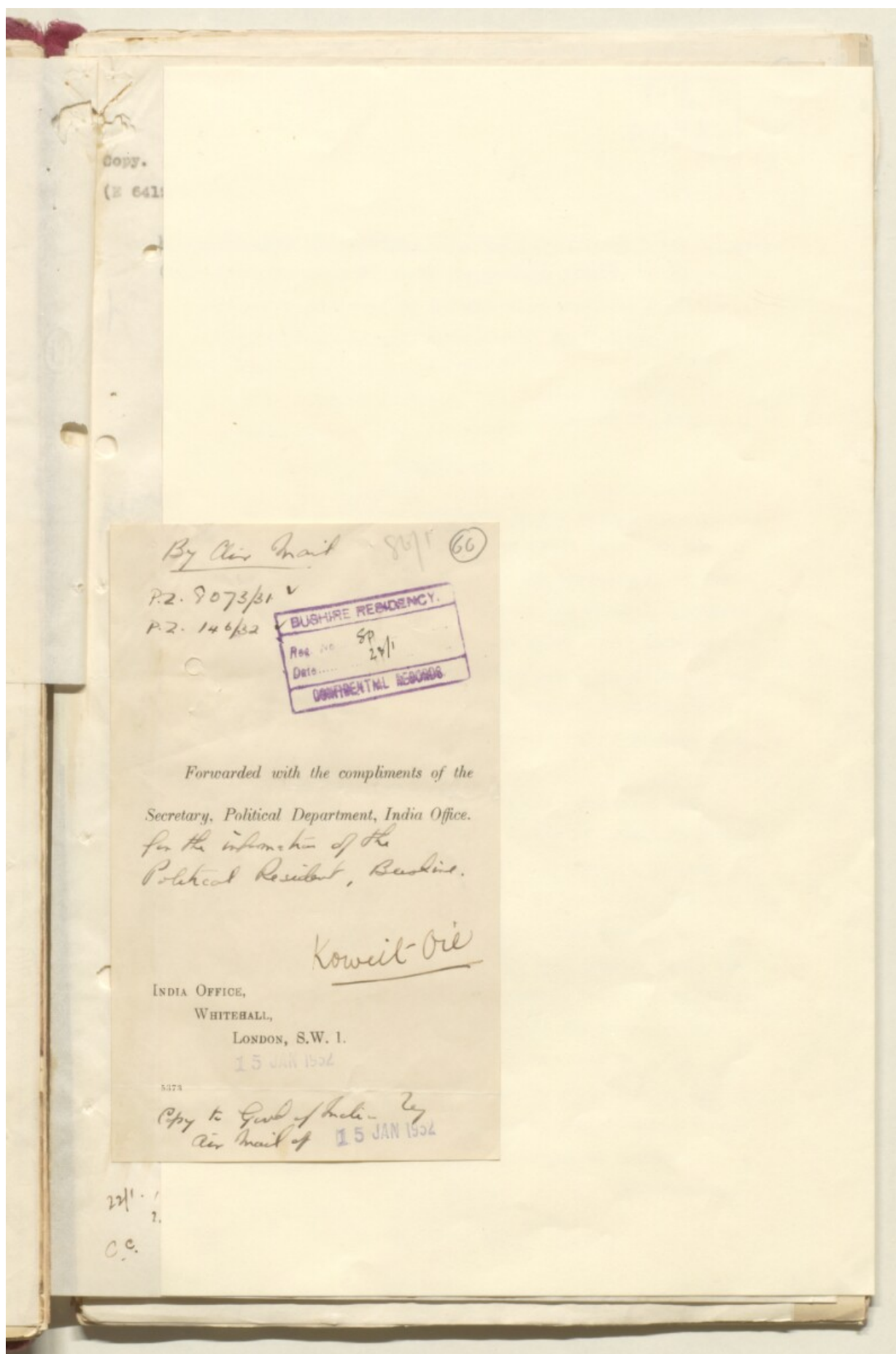
Office (in its consideration of the Kuwait oil concession) since December 28th, 1928, the same having been furnished to the Colonial Office by the Eastern and General Syndicate, Limited."

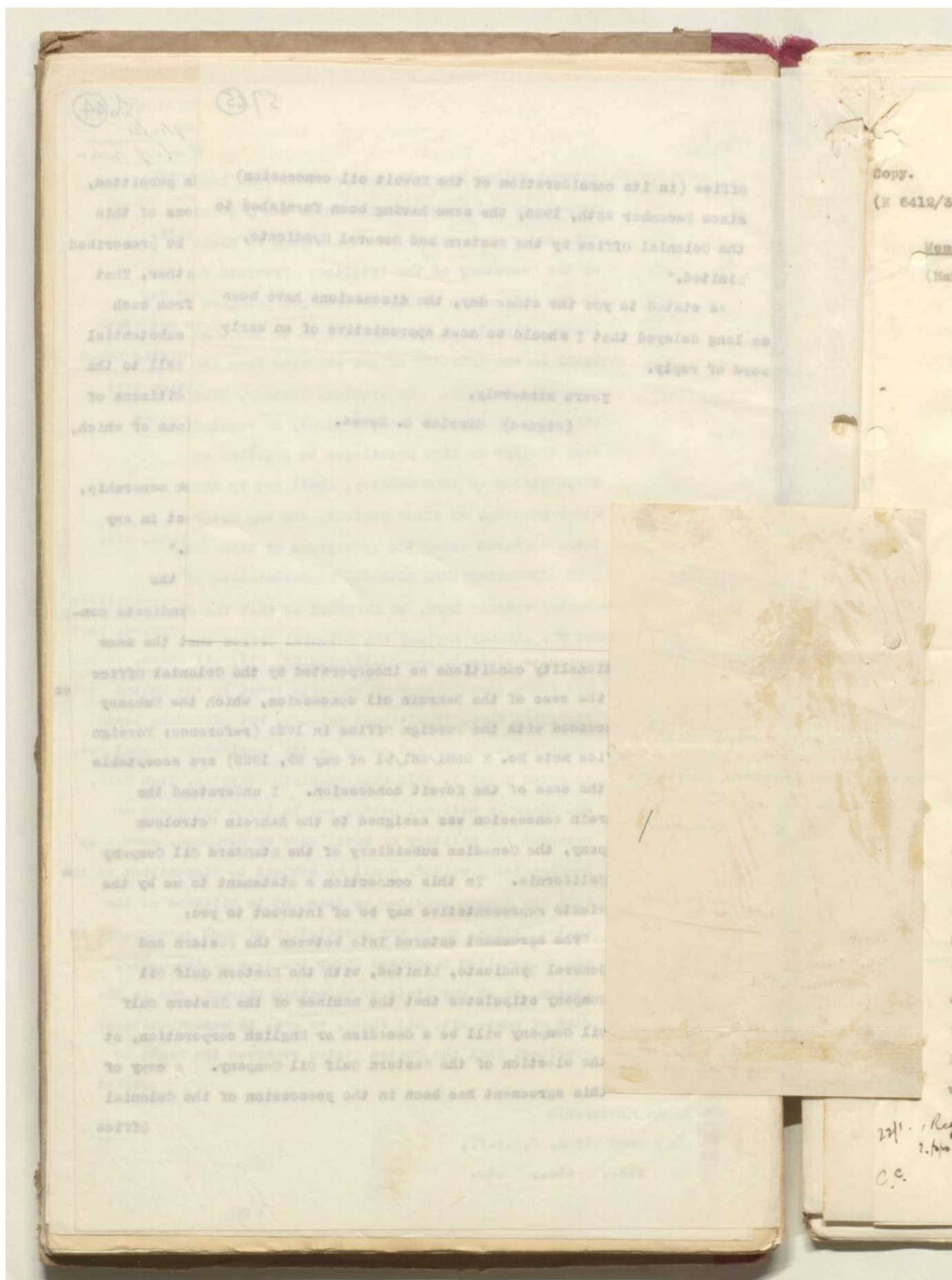
As stated to you the other day, the discussions have been so long delayed that I should be most appreciative of an early word of reply.

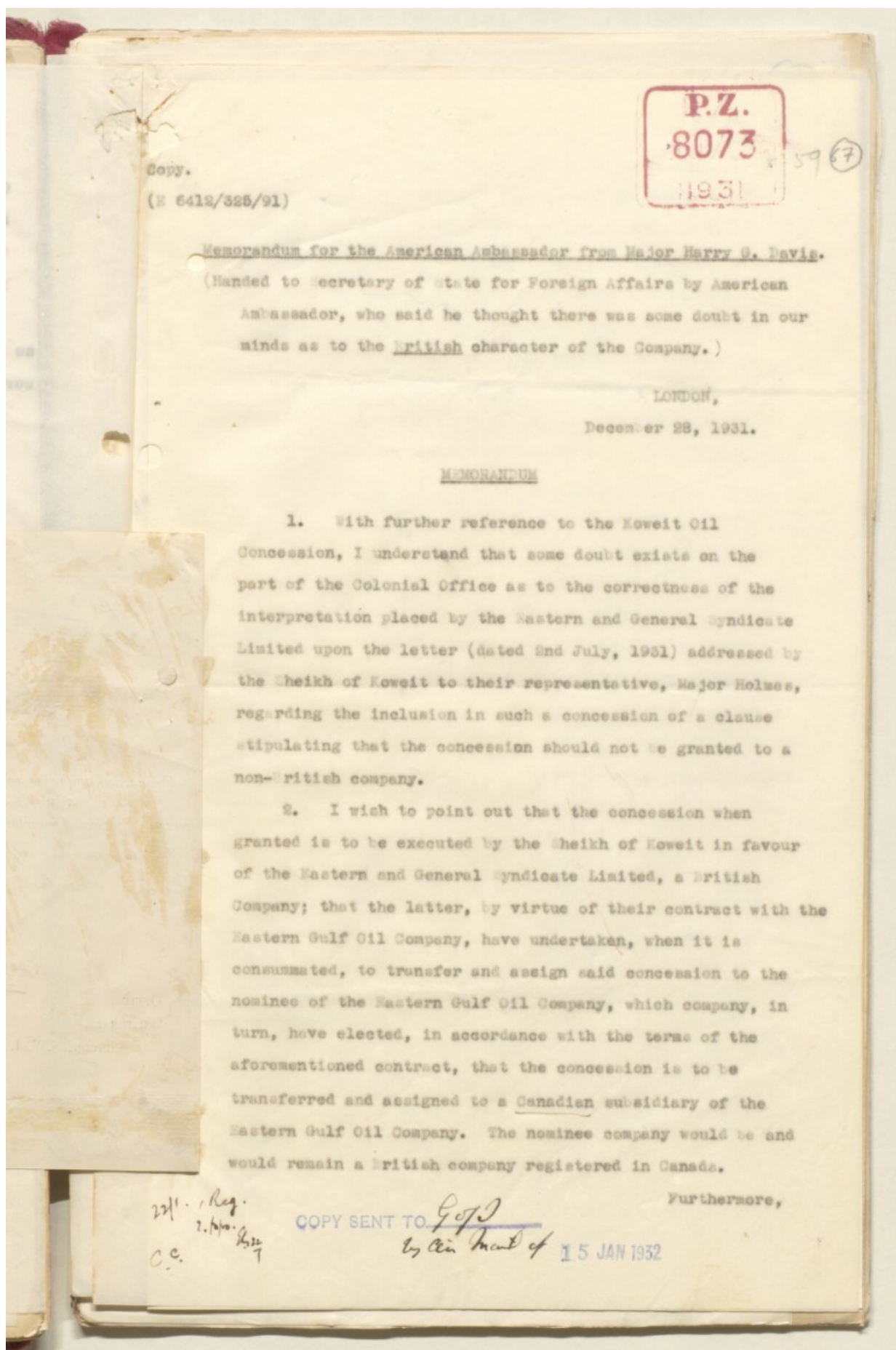
Yours sincerely,

(Signed) Charles G. Daves.









Copy.

(N 6412/325/91)

P.Z.
8073
1931

59 (67)

Memorandum for the American Ambassador from Major Harry G. Davis.

(Handed to Secretary of State for Foreign Affairs by American Ambassador, who said he thought there was some doubt in our minds as to the British character of the Company.)

LONDON,

December 28, 1931.

MEMORANDUM

1. With further reference to the Kuwait Oil Concession, I understand that some doubt exists on the part of the Colonial Office as to the correctness of the interpretation placed by the Eastern and General Syndicate Limited upon the letter (dated 2nd July, 1931) addressed by the Sheikh of Kuwait to their representative, Major Holmes, regarding the inclusion in such a concession of a clause stipulating that the concession should not be granted to a non-British company.

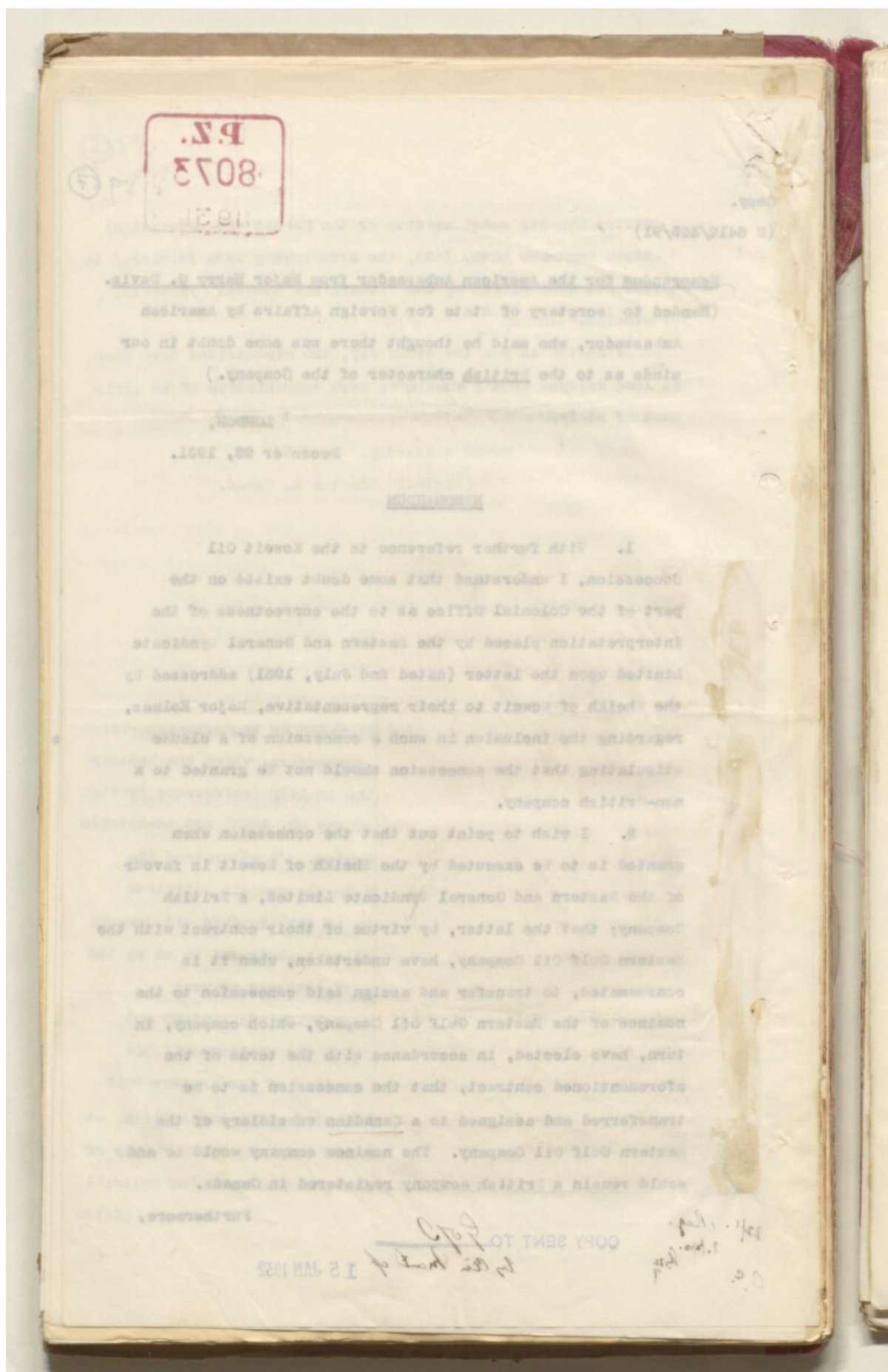
2. I wish to point out that the concession when granted is to be executed by the Sheikh of Kuwait in favour of the Eastern and General Syndicate Limited, a British Company; that the latter, by virtue of their contract with the Eastern Gulf Oil Company, have undertaken, when it is consummated, to transfer and assign said concession to the nominee of the Eastern Gulf Oil Company, which company, in turn, have elected, in accordance with the terms of the aforementioned contract, that the concession is to be transferred and assigned to a Canadian subsidiary of the Eastern Gulf Oil Company. The nominee company would be and would remain a British company registered in Canada.

Furthermore,

22/1. Reg.
2. 1/10. 1931
C.C.

COPY SENT TO

by Air Mail of 15 JAN 1932





60 68

h23

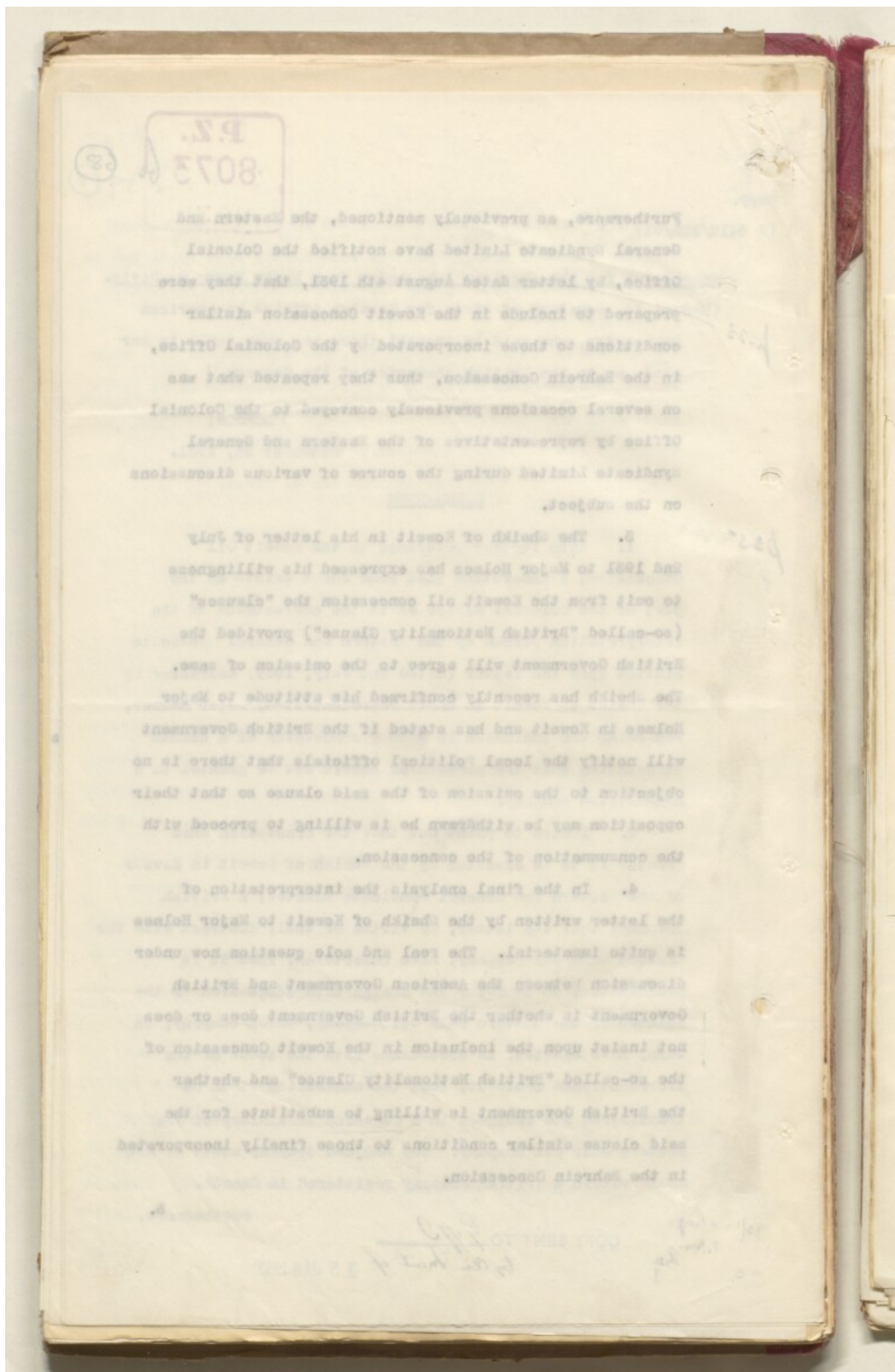
Furthermore, as previously mentioned, the Eastern and General Syndicate Limited have notified the Colonial Office, by letter dated August 4th 1931, that they were prepared to include in the Koweit Concession similar conditions to those incorporated by the Colonial Office, in the Bahrein Concession, thus they repeated what was on several occasions previously conveyed to the Colonial Office by representatives of the Eastern and General Syndicate Limited during the course of various discussions on the subject.

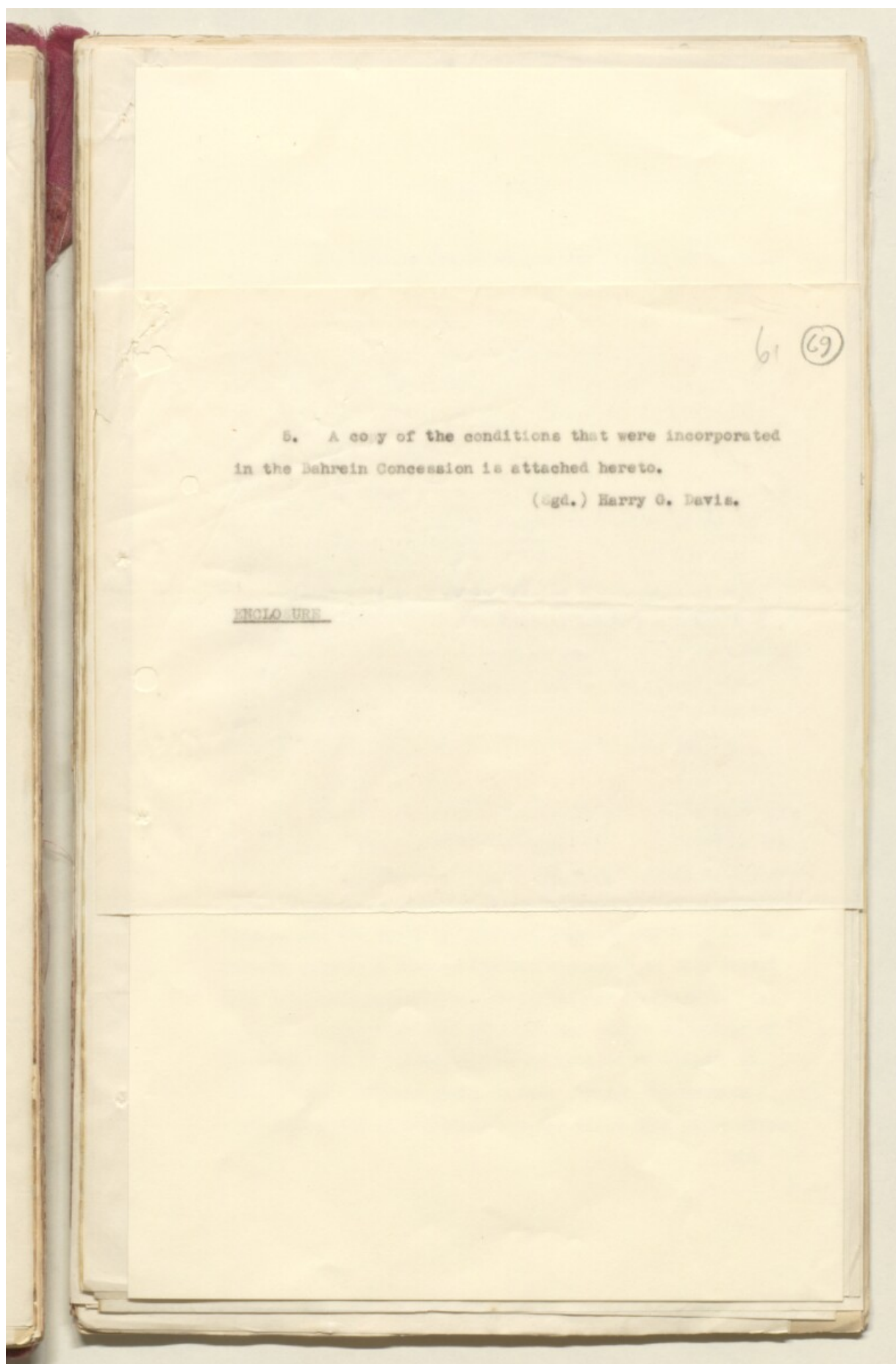
h23

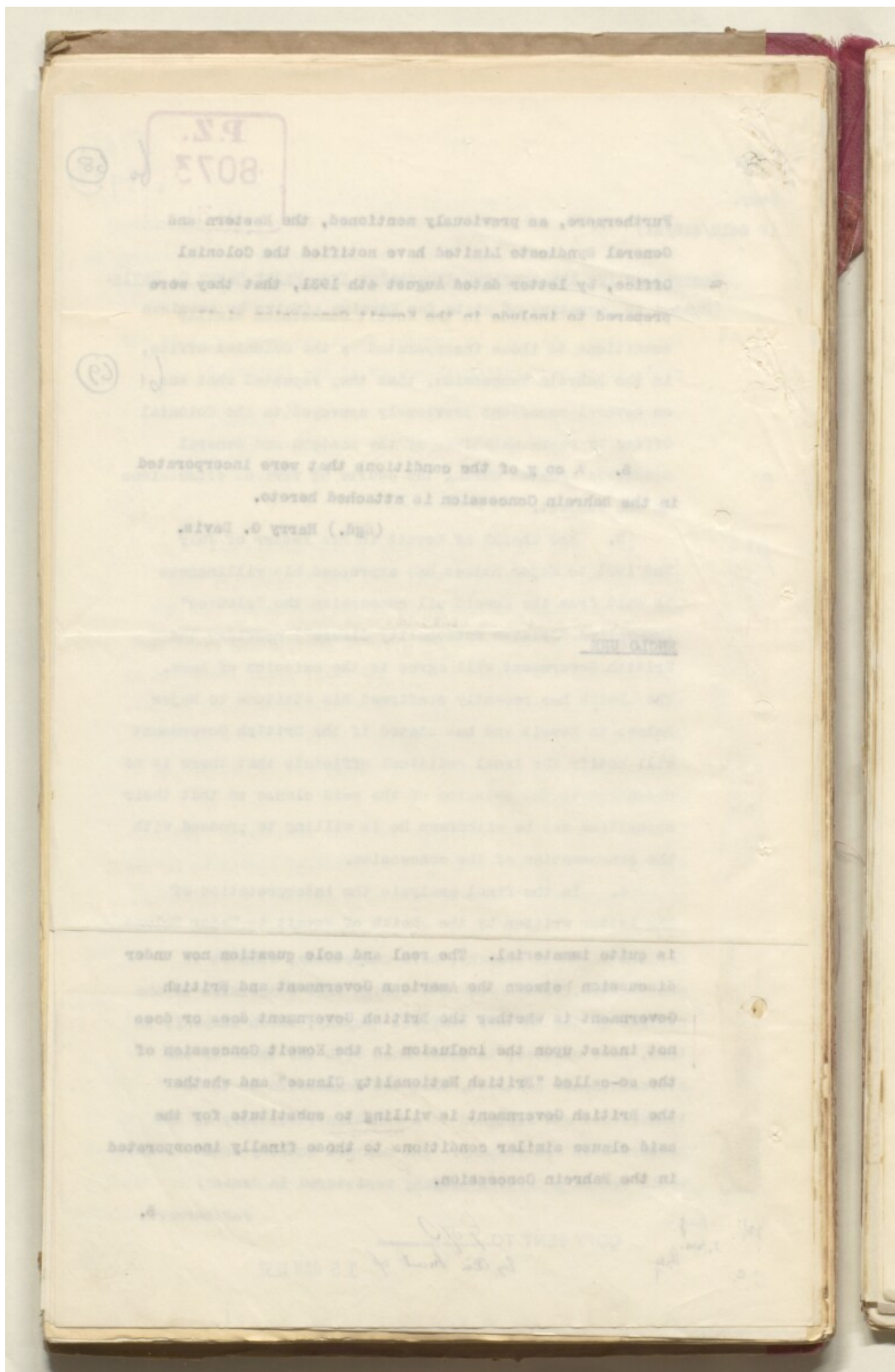
3. The Sheikh of Koweit in his letter of July 2nd 1931 to Major Holmes has expressed his willingness to omit from the Koweit oil concession the "clauses" (so-called "British Nationality Clause") provided the British Government will agree to the omission of same. The Sheikh has recently confirmed his attitude to Major Holmes in Koweit and has stated if the British Government will notify the local Political officials that there is no objection to the omission of the said clause so that their opposition may be withdrawn he is willing to proceed with the consummation of the concession.

4. In the final analysis the interpretation of the letter written by the Sheikh of Koweit to Major Holmes is quite immaterial. The real and sole question now under discussion between the American Government and British Government is whether the British Government does or does not insist upon the inclusion in the Koweit Concession of the so-called "British Nationality Clause" and whether the British Government is willing to substitute for the said clause similar conditions to those finally incorporated in the Bahrein Concession.

5.









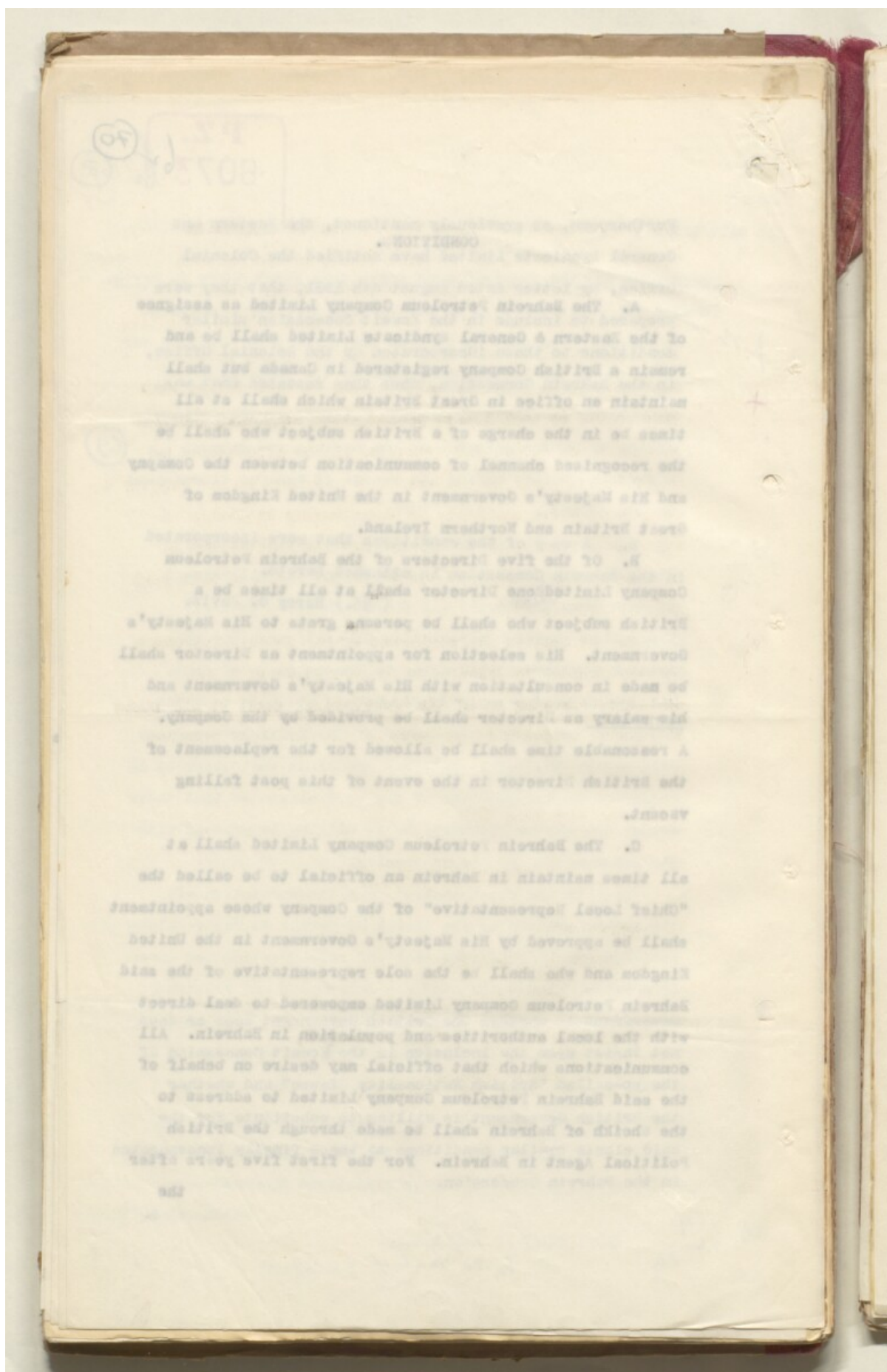
62 (70)

CONDITIONS.

A. The Bahrain Petroleum Company Limited as assignee of the Eastern & General Syndicate Limited shall be and remain a British Company registered in Canada but shall maintain an office in Great Britain which shall at all times be in the charge of a British subject who shall be the recognised channel of communication between the Company and His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland.

B. Of the five Directors of the Bahrain Petroleum Company Limited one Director shall at all times be a British subject who shall be persona grata to His Majesty's Government. His selection for appointment as Director shall be made in consultation with His Majesty's Government and his salary as Director shall be provided by the Company. A reasonable time shall be allowed for the replacement of the British Director in the event of this post falling vacant.

C. The Bahrain Petroleum Company Limited shall at all times maintain in Bahrain an official to be called the "Chief Local Representative" of the Company whose appointment shall be approved by His Majesty's Government in the United Kingdom and who shall be the sole representative of the said Bahrain Petroleum Company Limited empowered to deal direct with the local authorities and population in Bahrain. All communications which that official may desire on behalf of the said Bahrain Petroleum Company Limited to address to the Sheikh of Bahrain shall be made through the British Political Agent in Bahrain. For the first five years after the





63 (71)

the said-Bahrein Petroleum Company Limited starts to operate in Bahrein, or for such lesser period as such Company may operate in that territory, their "Chief Local Representative" shall be Major Frank Holmes, provided the arrangement between that Company and Major Holmes continues to be mutually satisfactory to them during such five years, or such lesser period above mentioned PROVIDED ALSO that any sooner determination of the appointment of Major Holmes shall be subject to the consent of His Majesty's Government which shall not be unreasonably withheld. A reasonable time shall be allowed for the replacement of the "Chief Local Representative" in the event of this post falling vacant.

D. As many of the employees of the Bahrein Petroleum Company Limited in Bahrein as is consistent with the efficient carrying on of the undertaking, shall at all times be British subjects or subjects of the Sheikh of Bahrein.

DATED the 12th June 1930

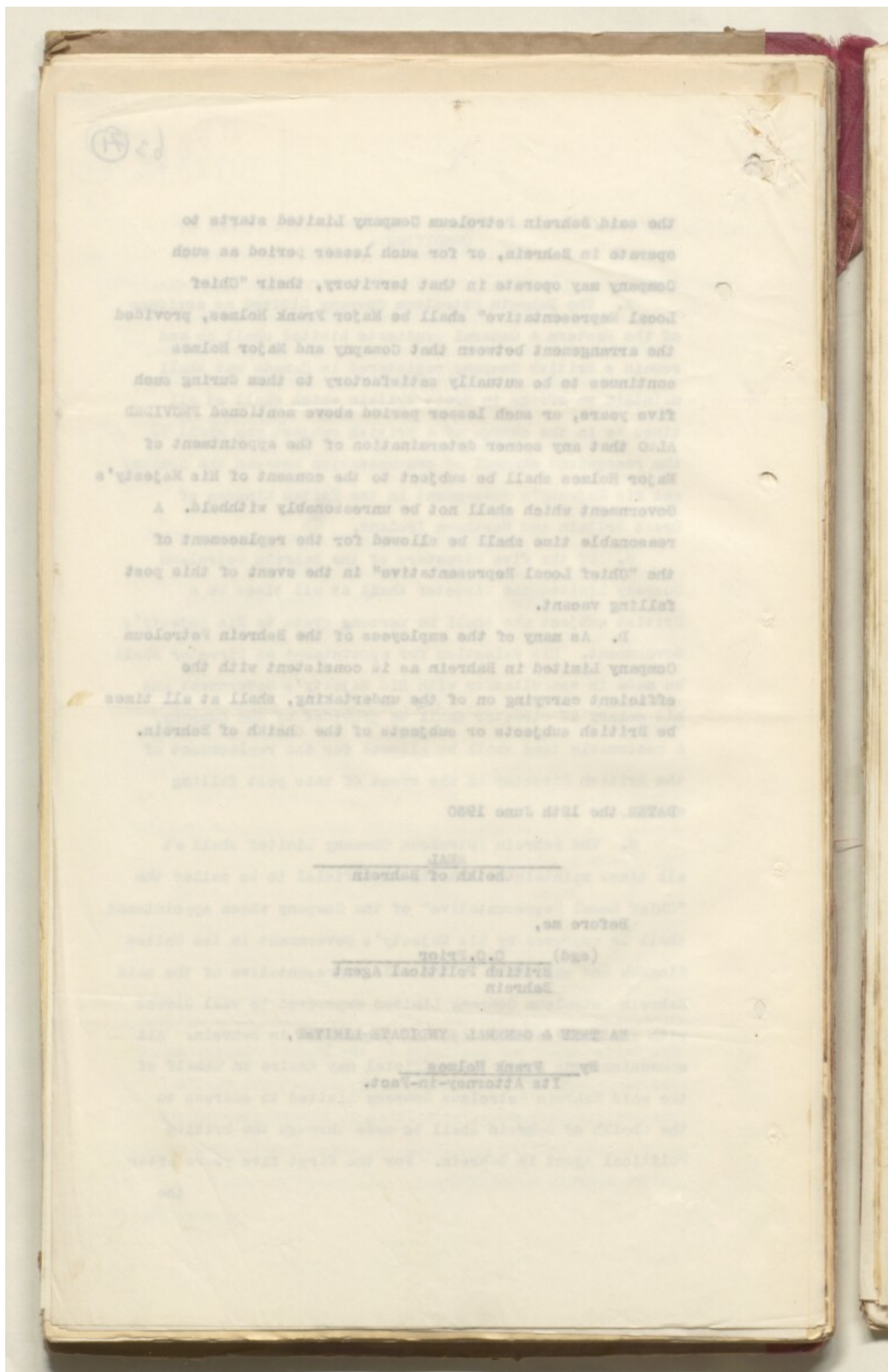
SEAL
Sheikh of Bahrein

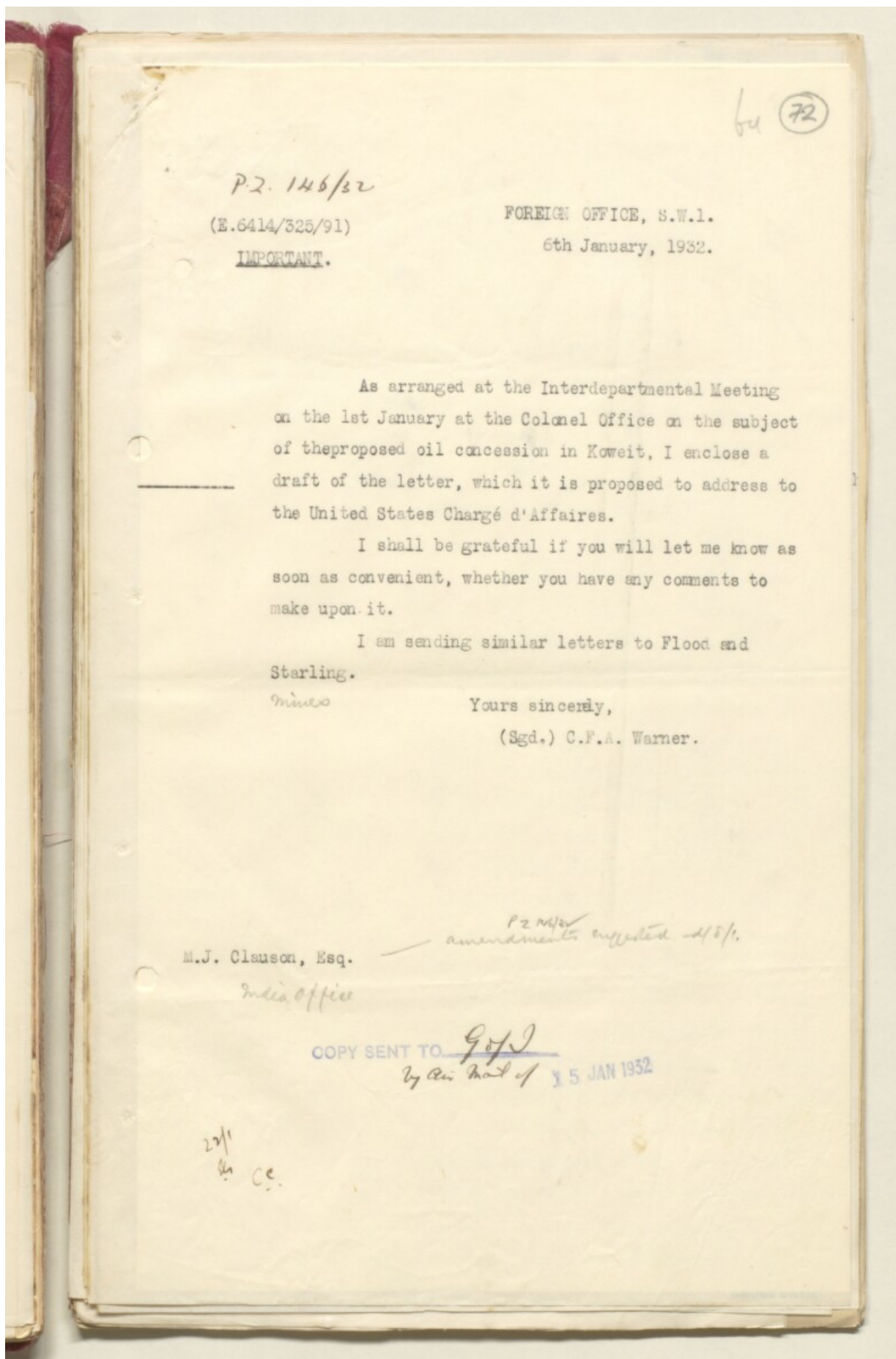
Before me,

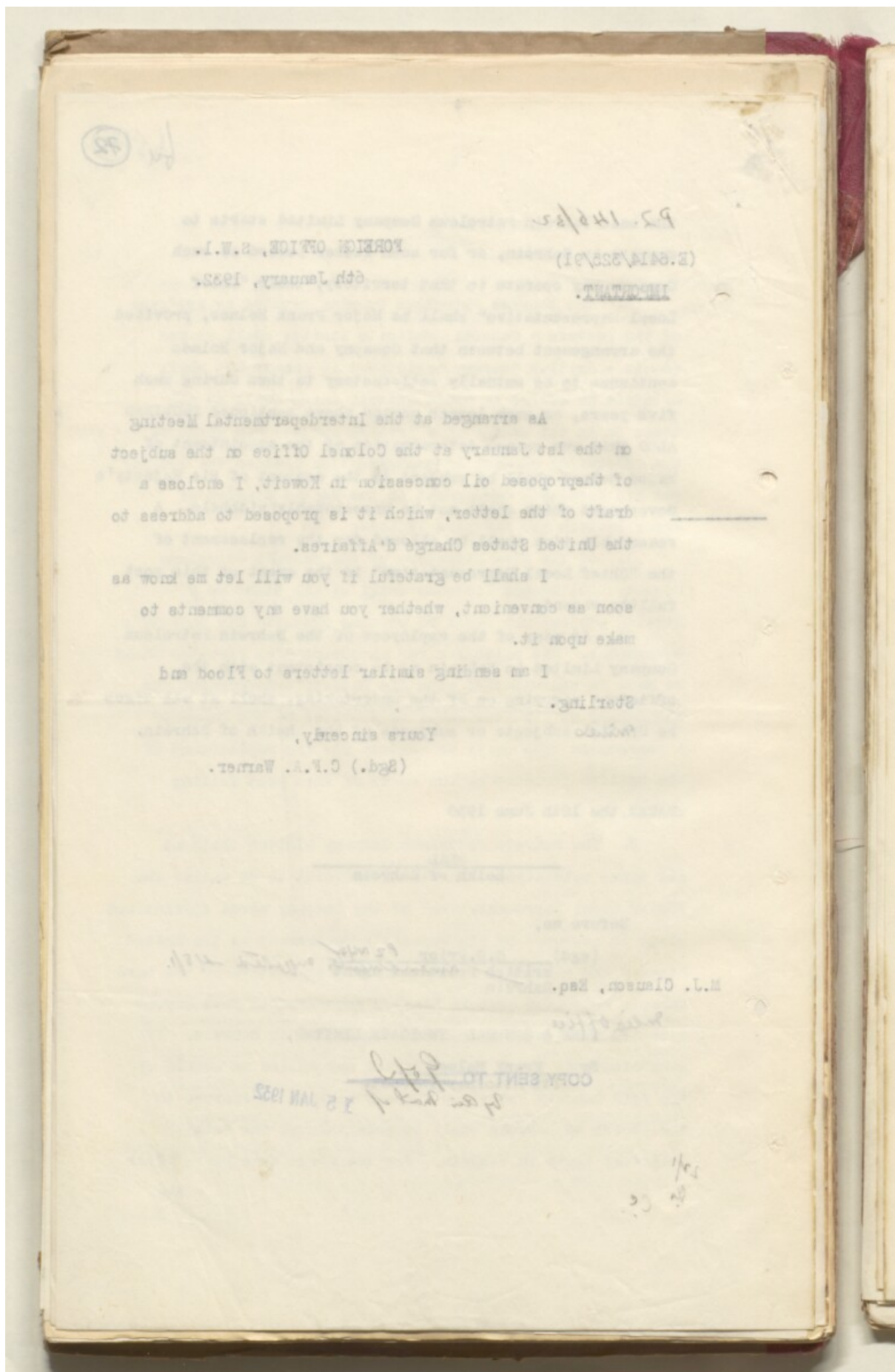
(sgd) G.C. Prior
British Political Agent
Bahrein

EASTERN & GENERAL SYNDICATE LIMITED,

By Frank Holmes
Its Attorney-in-Fact.









E 6414/325/91.

January /32.

Mr. Ray Atherton,
American Embassy.

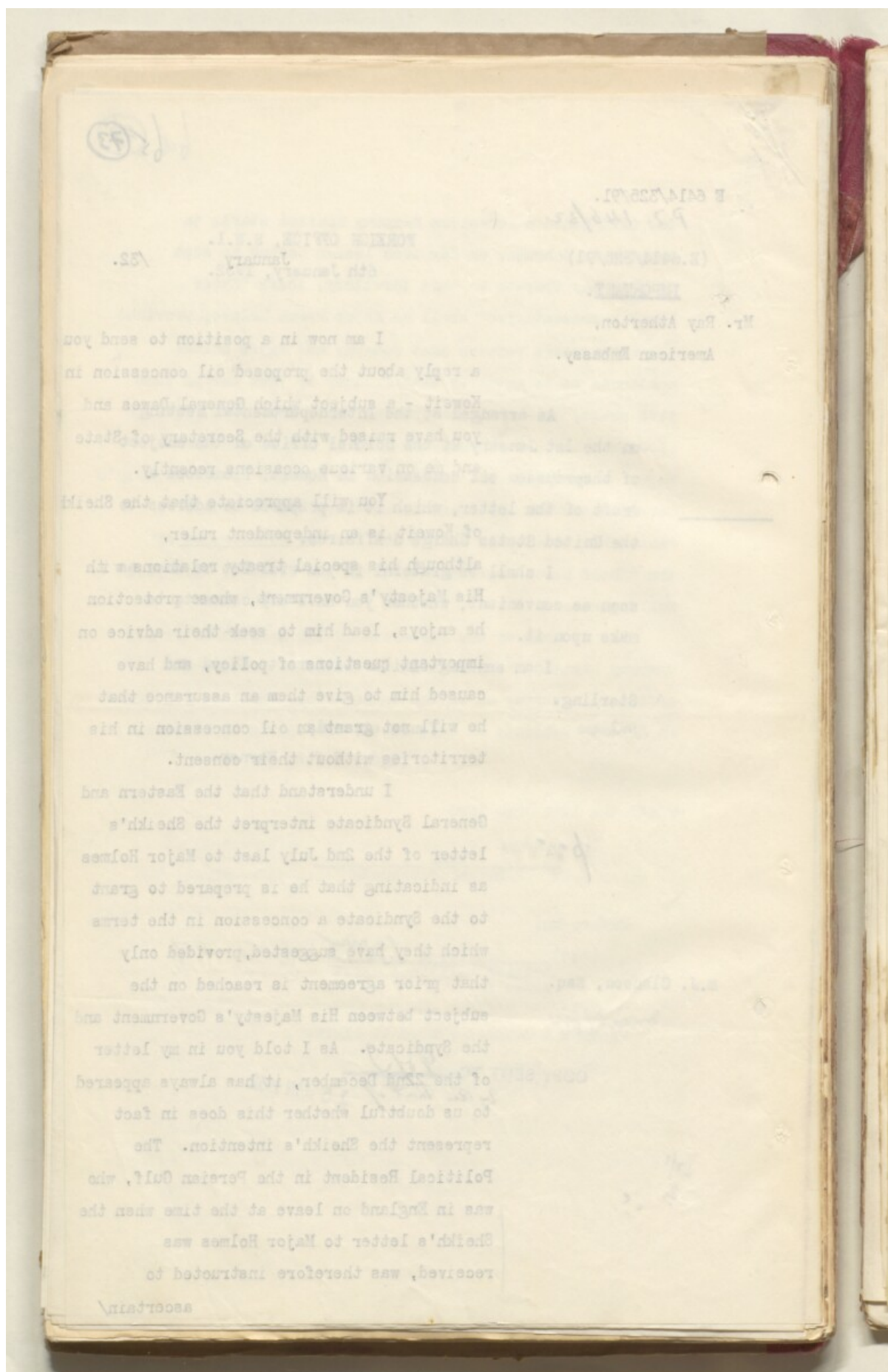
65 (73)

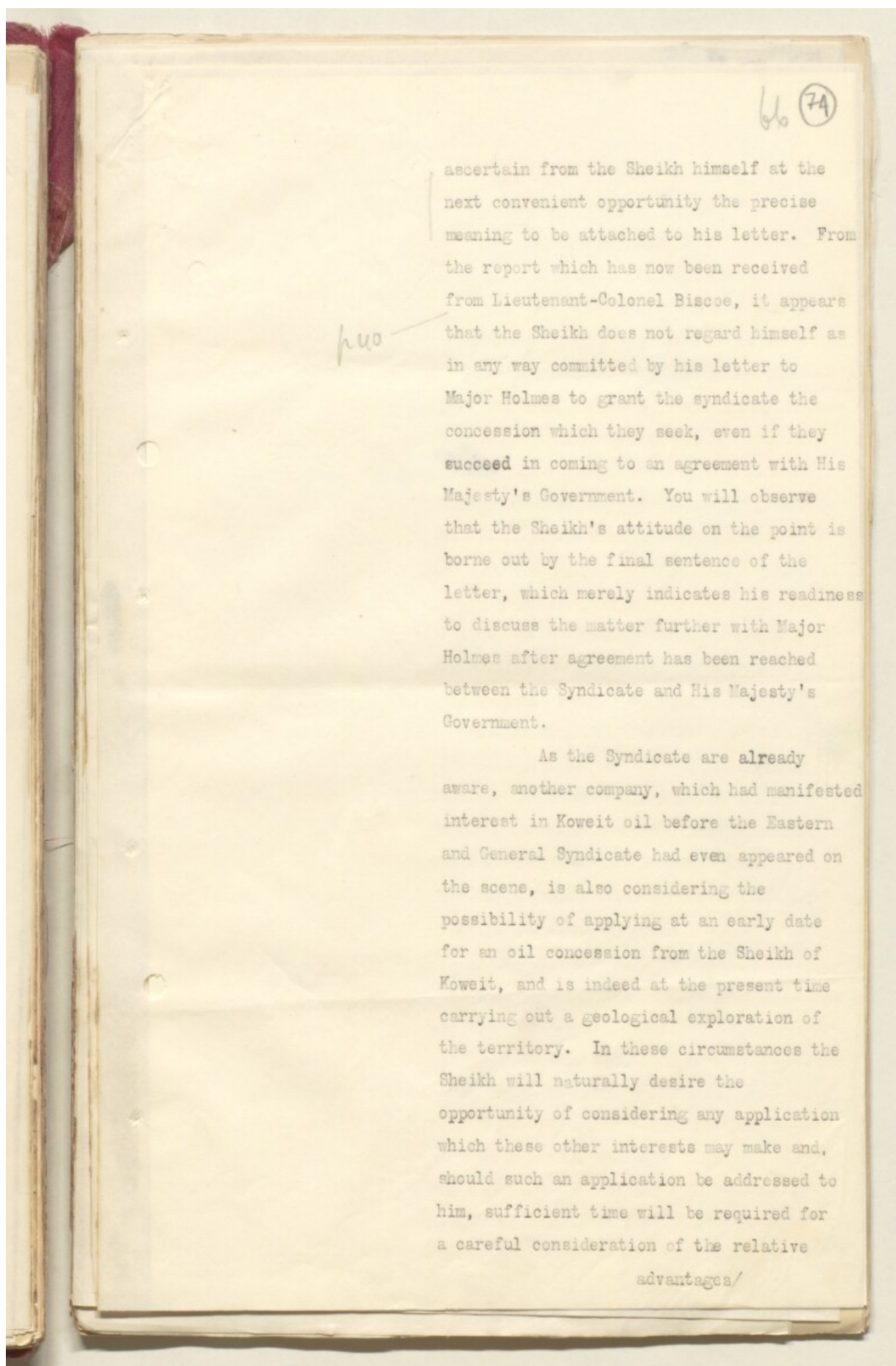
I am now in a position to send you a reply about the proposed oil concession in Koweit - a subject which General Dawes and you have raised with the Secretary of State and me on various occasions recently.

You will appreciate that the Sheikh of Koweit is an independent ruler, although his special treaty relations with His Majesty's Government, whose protection he enjoys, lead him to seek their advice on important questions of policy, and have caused him to give them an assurance that he will not grant an oil concession in his territories without their consent.

pro

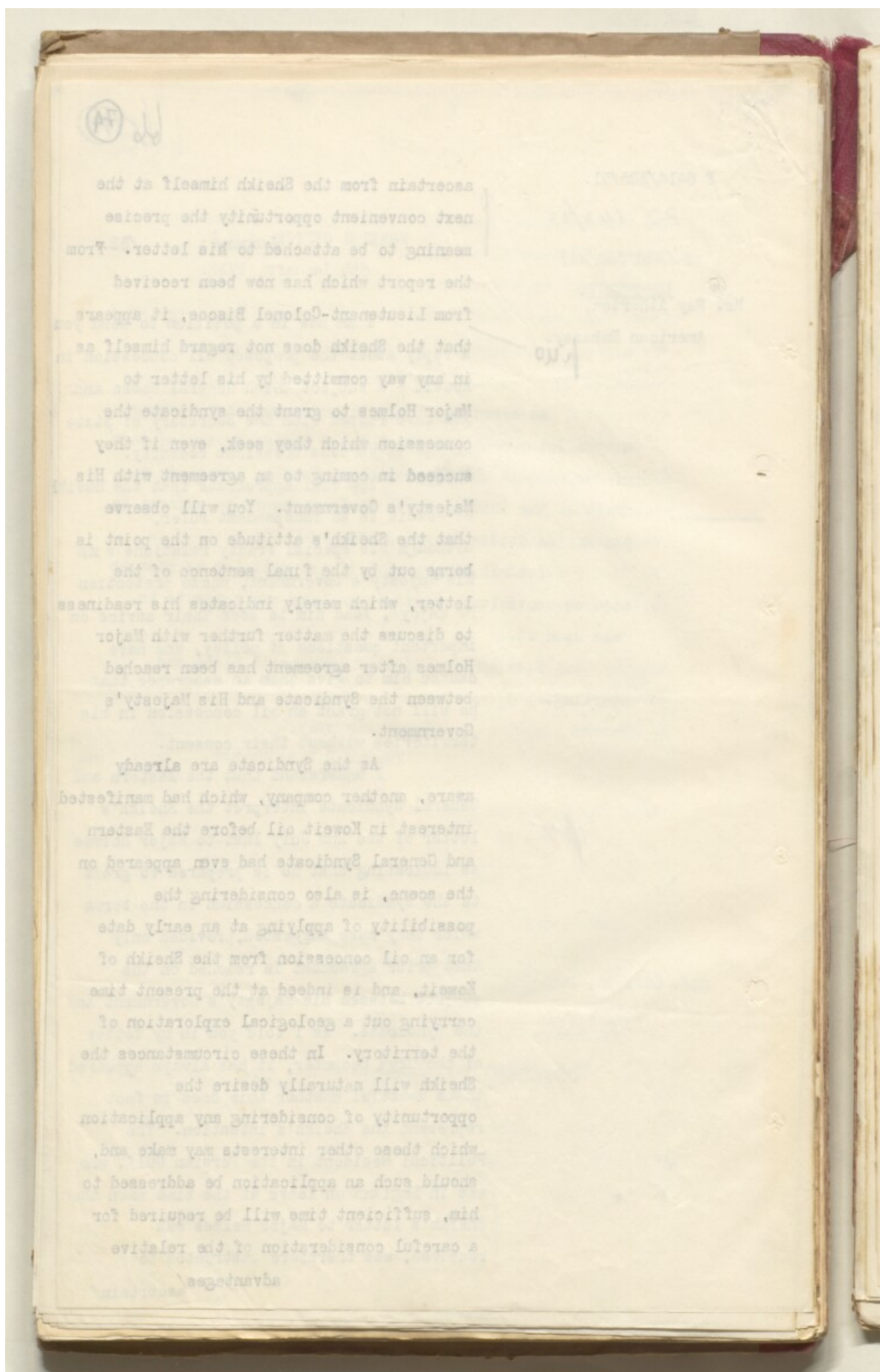
I understand that the Eastern and General Syndicate interpret the Sheikh's letter of the 2nd July last to Major Holmes as indicating that he is prepared to grant to the Syndicate a concession in the terms which they have suggested, provided only that prior agreement is reached on the subject between His Majesty's Government and the Syndicate. As I told you in my letter of the 22nd December, it has always appeared to us doubtful whether this does in fact represent the Sheikh's intention. The Political Resident in the Persian Gulf, who was in England on leave at the time when the Sheikh's letter to Major Holmes was received, was therefore instructed to ascertain/

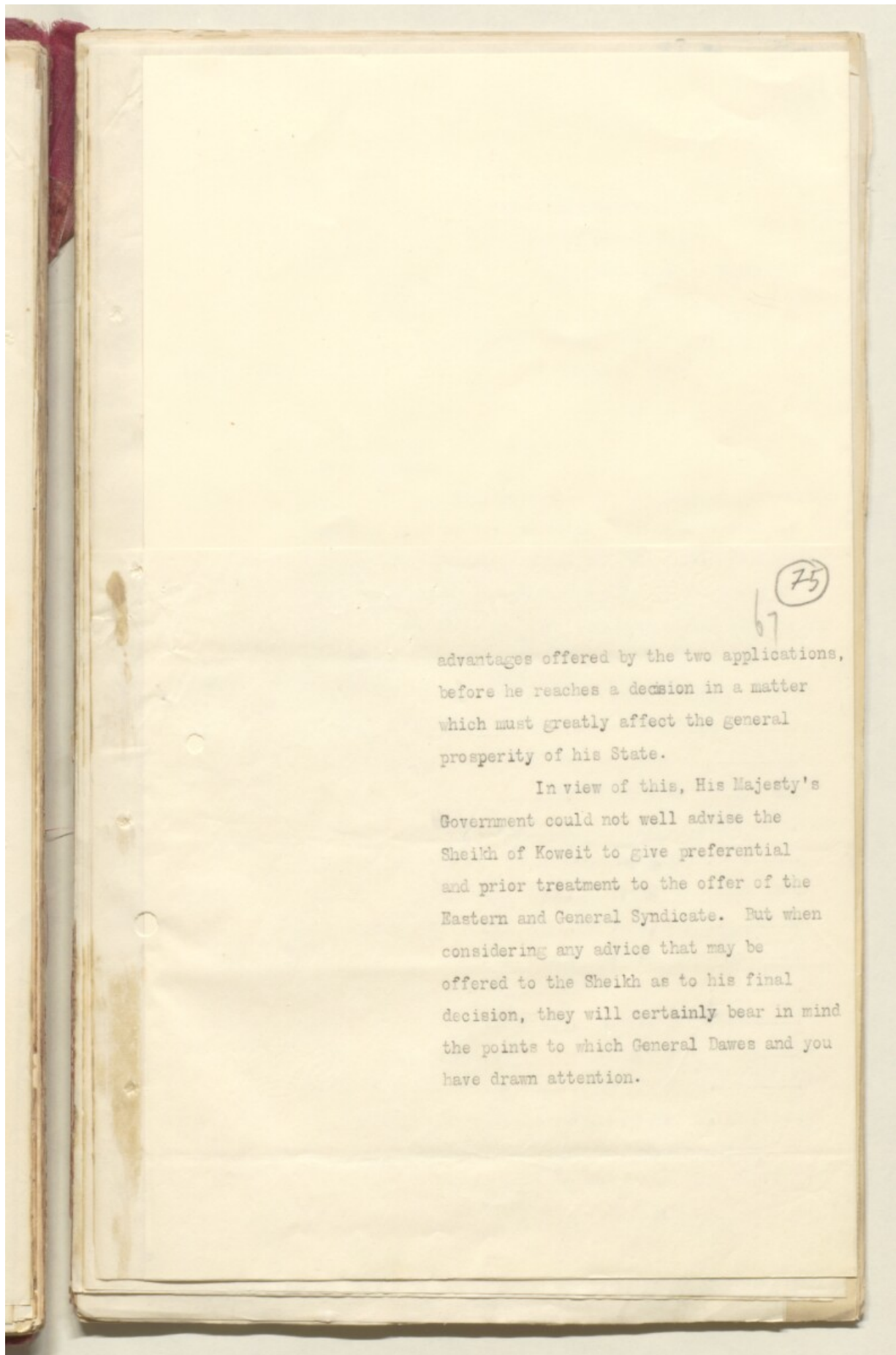




ascertain from the Sheikh himself at the next convenient opportunity the precise meaning to be attached to his letter. From the report which has now been received from Lieutenant-Colonel Biscoe, it appears that the Sheikh does not regard himself as in any way committed by his letter to Major Holmes to grant the syndicate the concession which they seek, even if they succeed in coming to an agreement with His Majesty's Government. You will observe that the Sheikh's attitude on the point is borne out by the final sentence of the letter, which merely indicates his readiness to discuss the matter further with Major Holmes after agreement has been reached between the Syndicate and His Majesty's Government.

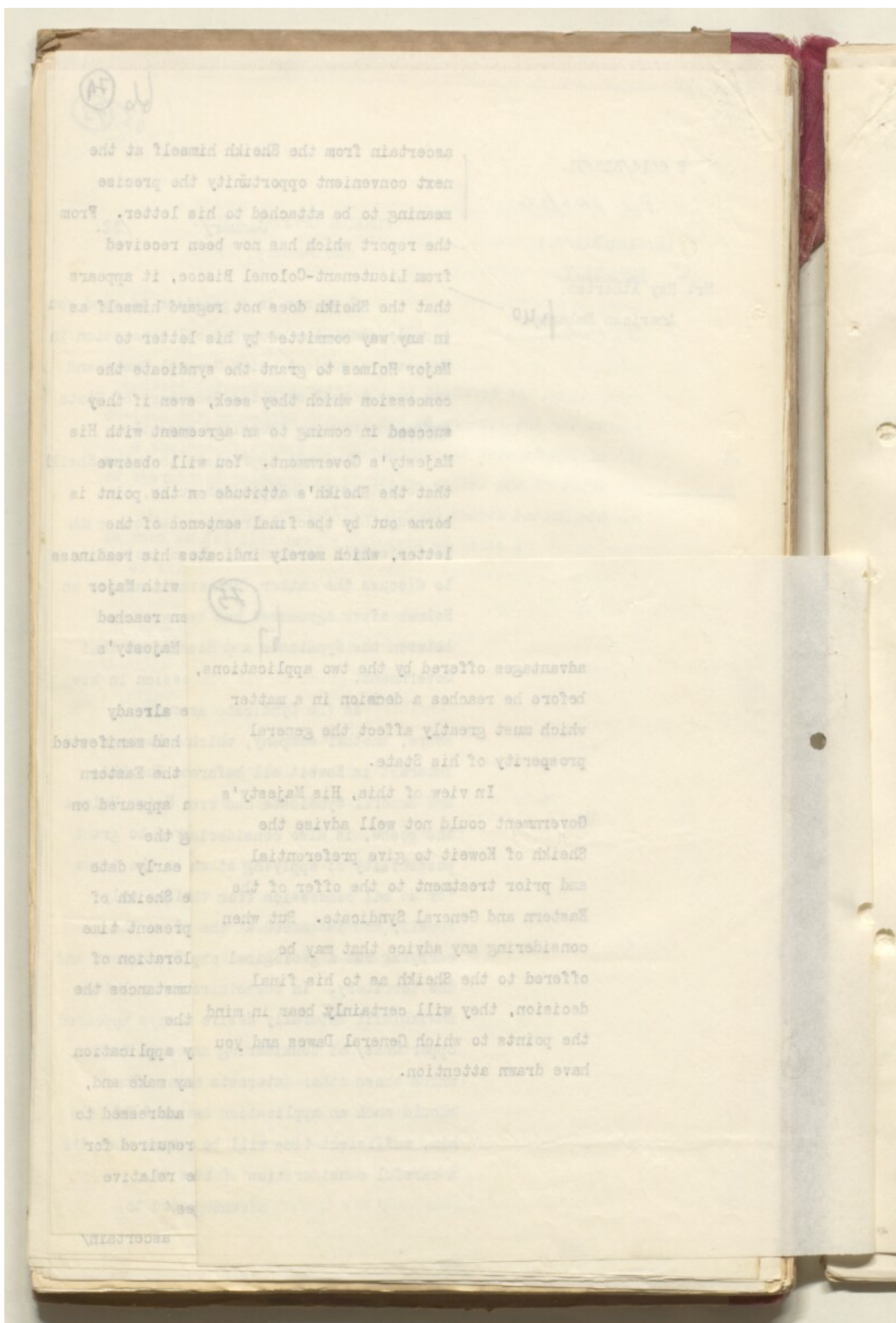
As the Syndicate are already aware, another company, which had manifested interest in Koweit oil before the Eastern and General Syndicate had even appeared on the scene, is also considering the possibility of applying at an early date for an oil concession from the Sheikh of Koweit, and is indeed at the present time carrying out a geological exploration of the territory. In these circumstances the Sheikh will naturally desire the opportunity of considering any application which these other interests may make and, should such an application be addressed to him, sufficient time will be required for a careful consideration of the relative advantages/





67 (75)
advantages offered by the two applications,
before he reaches a decision in a matter
which must greatly affect the general
prosperity of his State.

In view of this, His Majesty's
Government could not well advise the
Sheikh of Koweit to give preferential
and prior treatment to the offer of the
Eastern and General Syndicate. But when
considering any advice that may be
offered to the Sheikh as to his final
decision, they will certainly bear in mind
the points to which General Dawes and you
have drawn attention.





P.Z. 146/32.

PETROLEUM DEPARTMENT,
(MINES DEPARTMENT),
DEAN STANLEY STREET,
MILLBANK,
WESTMINSTER, LONDON, S.W.1.

No.P.D. 98.

8 January, 1932.

Dear Clauson,

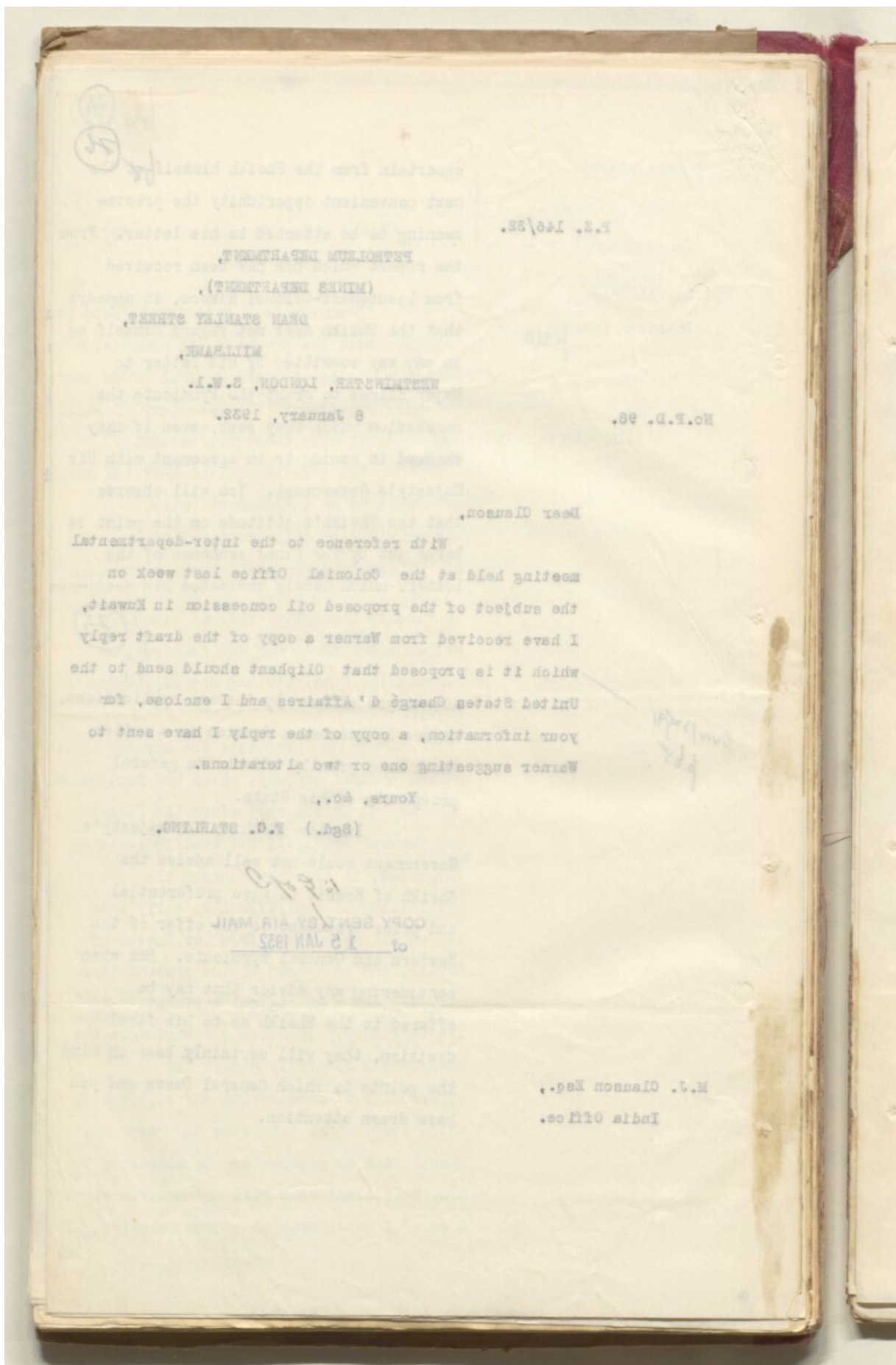
With reference to the inter-departmental meeting held at the Colonial Office last week on the subject of the proposed oil concession in Kuwait, I have received from Warner a copy of the draft reply which it is proposed that Oliphant should send to the United States Chargé d'Affaires and I enclose, for your information, a copy of the reply I have sent to Warner suggesting one or two alterations.

Yours, &c.,

(Sgd.) F.C. STARLING.

COPY SENT BY AIR MAIL
of 15 JAN 1932

M.J. Clauson Esq.,
India Office.





7th January, 1932.

Dear Warner,

Thank you for your letter of yesterday's date enclosing a draft of the letter which it is proposed to send to the United States Charge d'Affaires in regard to the proposed oil concession in Kuwait.

I think the reply is generally on the lines agreed at the inter-departmental meeting held last week, but it occurs to me that it might be possible to strengthen the paragraph on page 3 of the draft and I would suggest something on the following lines in substitution for the first sentence of that paragraph:

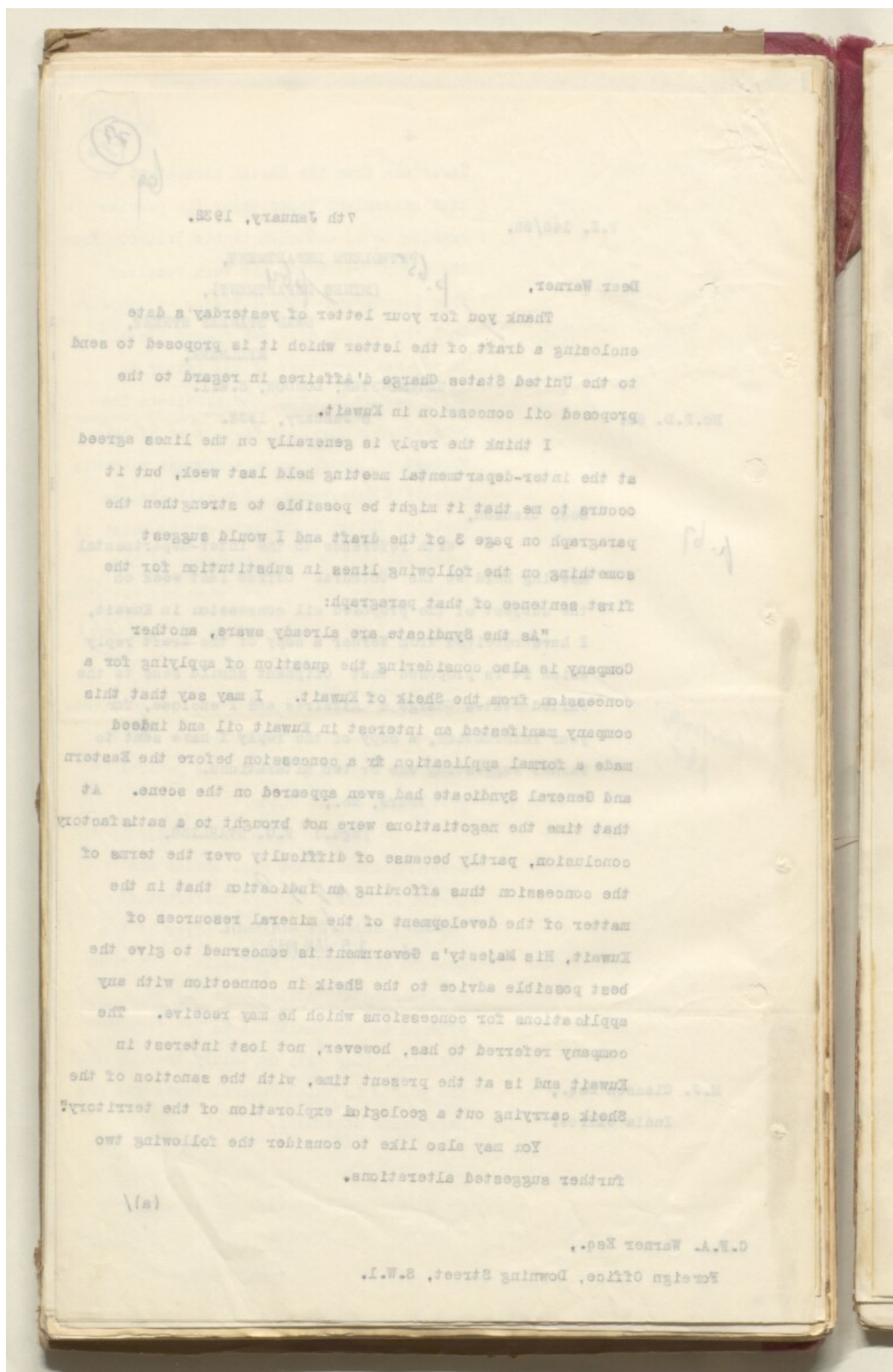
"As the Syndicate are already aware, another Company is also considering the question of applying for a concession from the Sheik of Kuwait. I may say that this company manifested an interest in Kuwait oil and indeed made a formal application for a concession before the Eastern and General Syndicate had even appeared on the scene. At that time the negotiations were not brought to a satisfactory conclusion, partly because of difficulty over the terms of the concession thus affording an indication that in the matter of the development of the mineral resources of Kuwait, His Majesty's Government is concerned to give the best possible advice to the Sheik in connection with any applications for concessions which he may receive. The company referred to has, however, not lost interest in Kuwait and is at the present time, with the sanction of the Sheik carrying out a geological exploration of the territory"

You may also like to consider the following two further suggested alterations.

(a)/

C.F.A. Warner Esq.,

Foreign Office, Downing Street, S.W.1.





79

(a) Paragraph 2 of the draft. Lines 6 and 7 to read "policy and caused him many years ago to give them an assurance that he would not grant an oil concession...." (This alteration is intended to make it clear that this assurance was given before the Eastern and General Syndicate came along).

(b) Paragraph 3. I would suggest omitting the words "even if they succeeded in coming to an agreement with His Majesty's Government", which appear near the bottom of page 2.

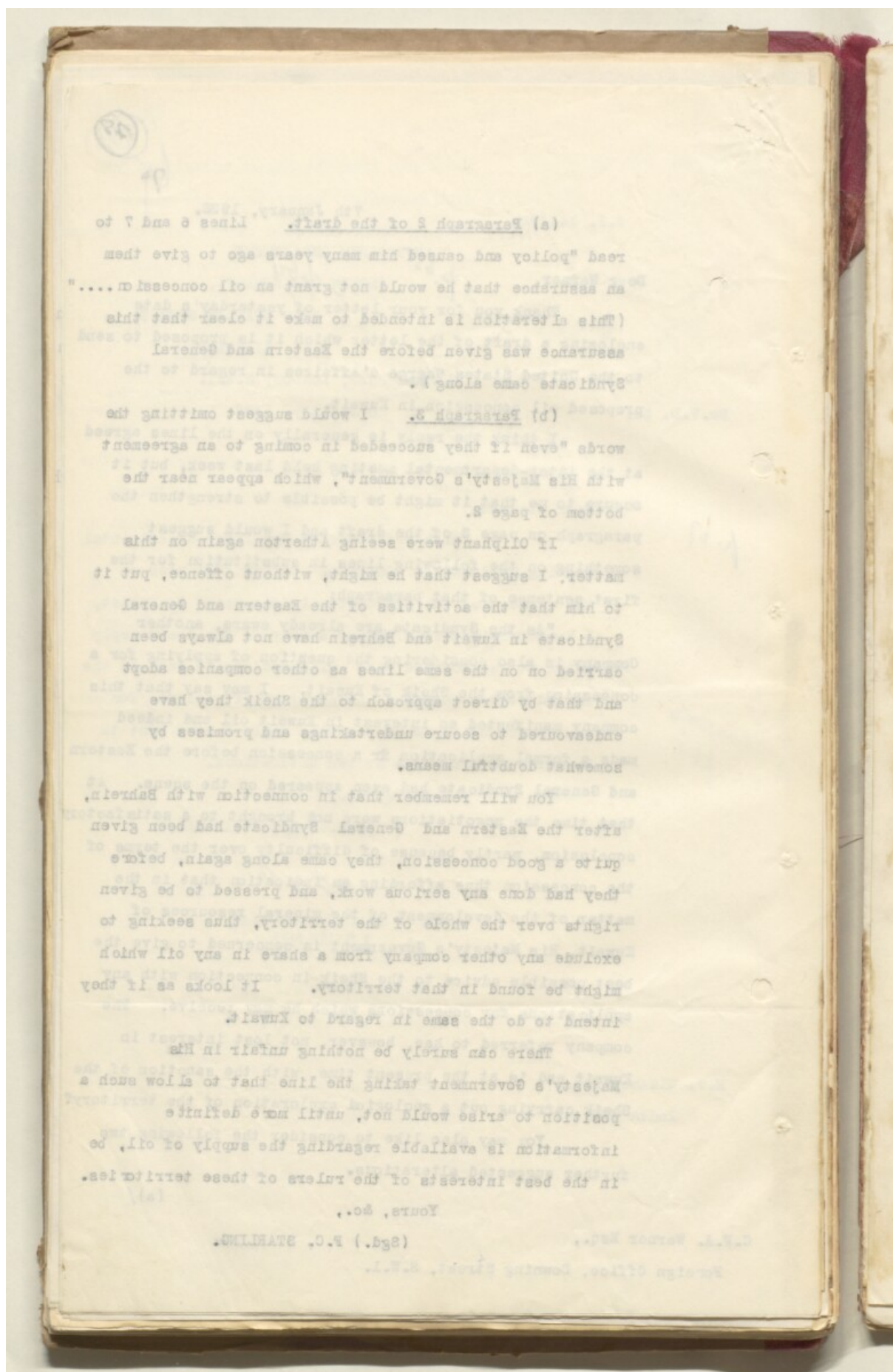
If Oliphant were seeing Atherton again on this matter, I suggest that he might, without offence, put it to him that the activities of the Eastern and General Syndicate in Kuwait and Bahrein have not always been carried on on the same lines as other companies adopt and that by direct approach to the Sheik they have endeavoured to secure undertakings and promises by somewhat doubtful means.

You will remember that in connection with Bahrein, after the Eastern and General Syndicate had been given quite a good concession, they came along again, before they had done any serious work, and pressed to be given rights over the whole of the territory, thus seeking to exclude any other company from a share in any oil which might be found in that territory. It looks as if they intend to do the same in regard to Kuwait.

There can surely be nothing unfair in His Majesty's Government taking the line that to allow such a position to arise would not, until more definite information is available regarding the supply of oil, be in the best interests of the rulers of these territories.

Yours, &c.,

(Sgd.) F.C. STARLING.





71 (29)
P.98026/32.

ENCLOSURES IN COLONIAL OFFICE COVERING LETTER DATED
13TH JANUARY, 1932.

DOWNING STREET,

13th January, 1932.

Dear Warner,

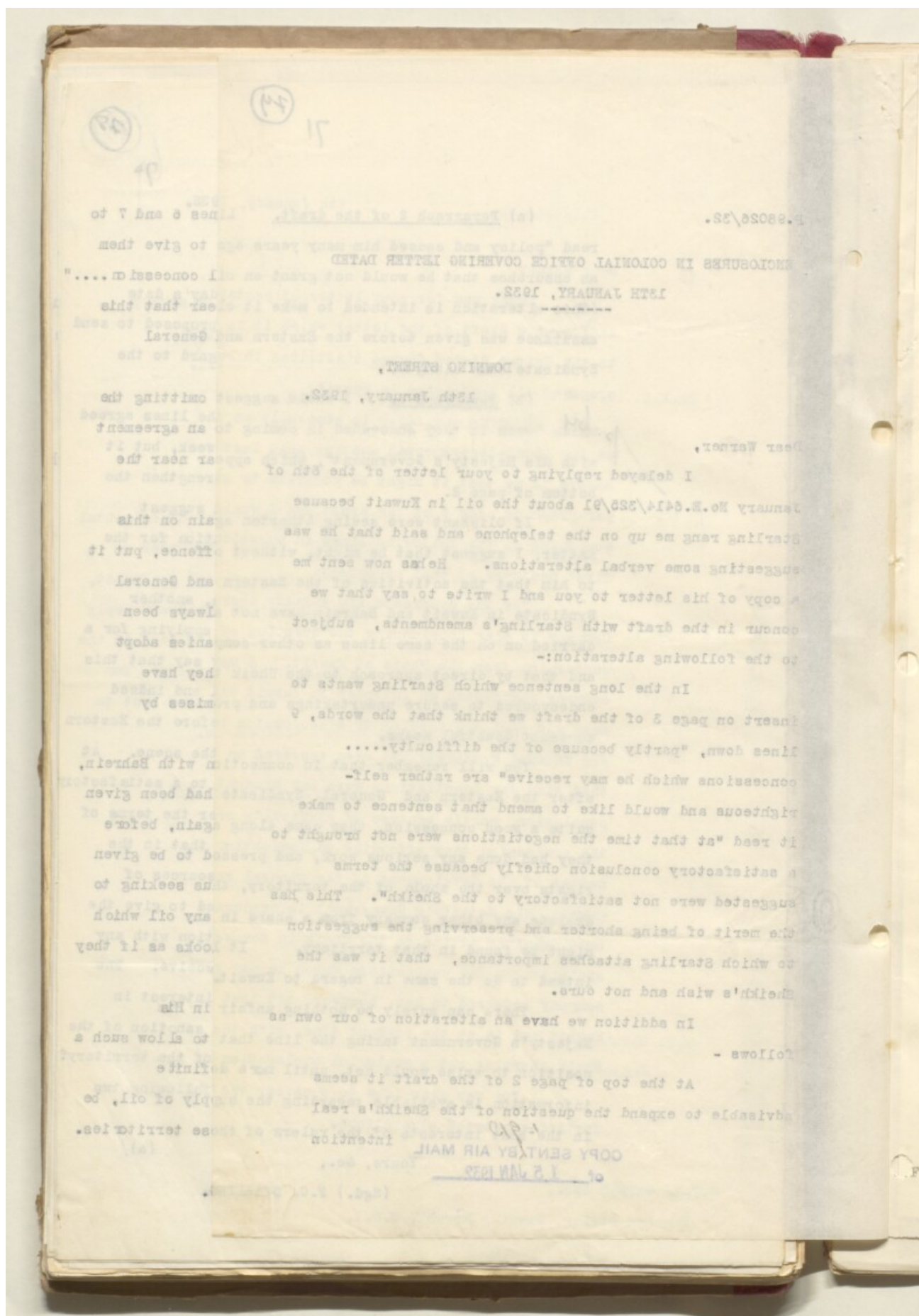
p. 64
I delayed replying to your letter of the 6th of January No.E.6414/325/91 about the oil in Kuwait because Starling rang me up on the telephone and said that he was suggesting some verbal alterations. Helas now sent me a copy of his letter to you and I write to say that we concur in the draft with Starling's amendments, subject to the following alteration:-

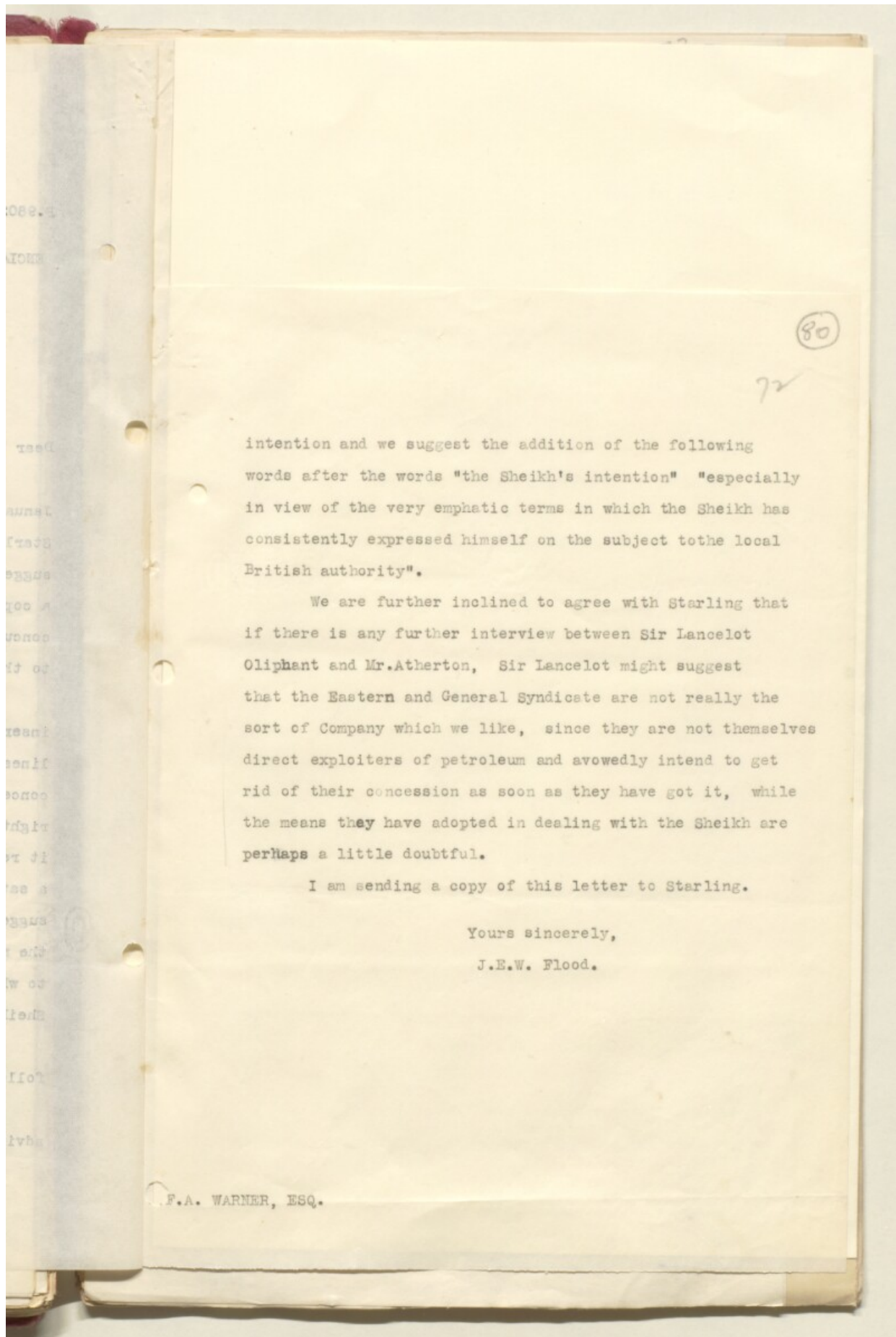
In the long sentence which Starling wants to insert on page 3 of the draft we think that the words, 9 lines down, "partly because of the difficulty..... concessions which he may receive" are rather self-righteous and would like to amend that sentence to make it read "at that time the negotiations were not brought to a satisfactory conclusion chiefly because the terms suggested were not satisfactory to the Sheikh". This has the merit of being shorter and preserving the suggestion to which Starling attaches importance, that it was the Sheikh's wish and not ours.

In addition we have an alteration of our own as follows -

At the top of page 2 of the draft it seems advisable to expand the question of the Sheikh's real

1-919
COPY SENT BY AIR MAIL intention
of 15 JAN 1932





intention and we suggest the addition of the following words after the words "the Sheikh's intention" "especially in view of the very emphatic terms in which the Sheikh has consistently expressed himself on the subject to the local British authority".

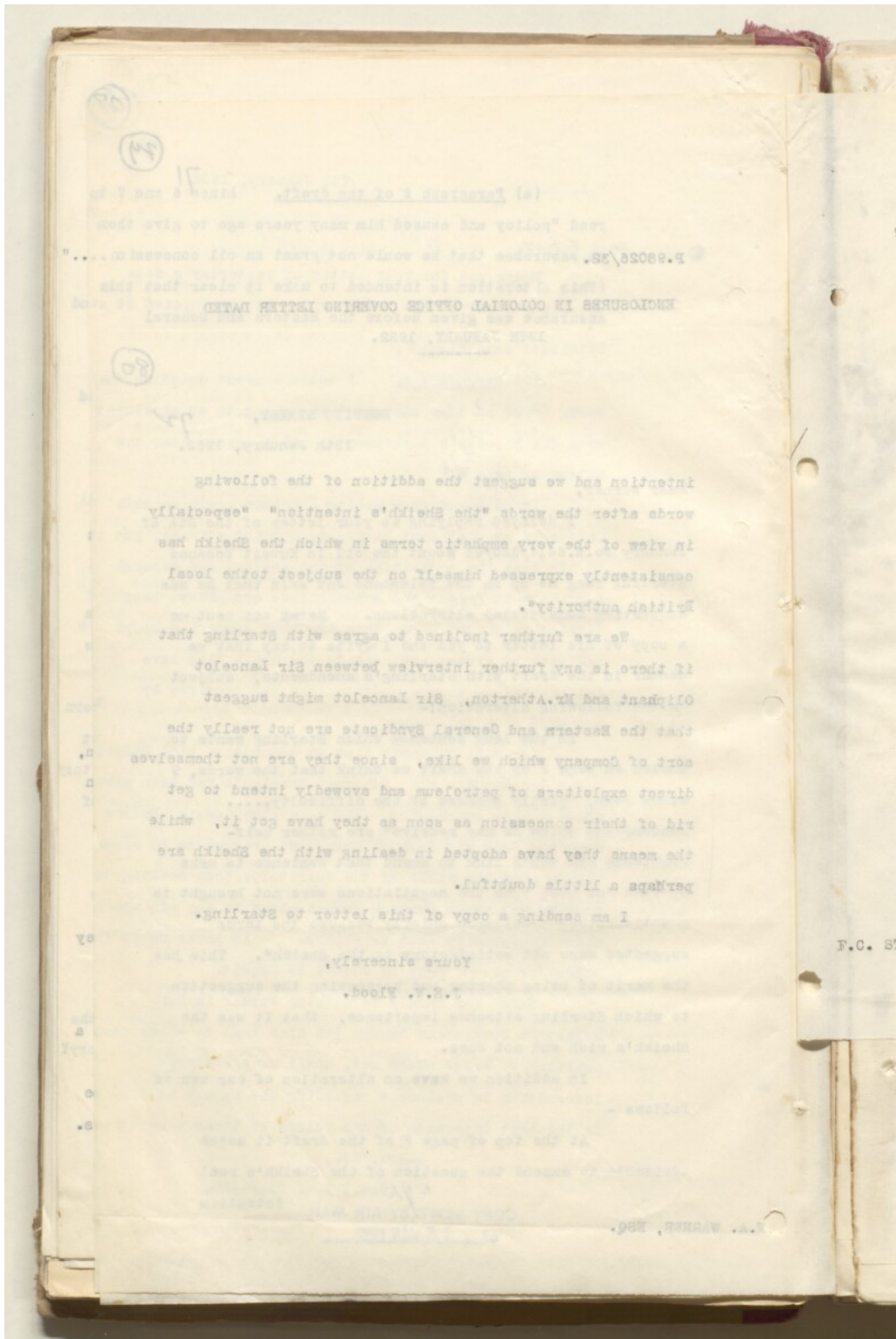
We are further inclined to agree with Starling that if there is any further interview between Sir Lancelot Oliphant and Mr. Atherton, Sir Lancelot might suggest that the Eastern and General Syndicate are not really the sort of Company which we like, since they are not themselves direct exploiters of petroleum and avowedly intend to get rid of their concession as soon as they have got it, while the means they have adopted in dealing with the Sheikh are perhaps a little doubtful.

I am sending a copy of this letter to Starling.

Yours sincerely,

J.E.W. Flood.

F.A. WARNER, ESQ.





98026/32.

73
DOWNING STREET,
13th January, 1932.

Dear Starling,

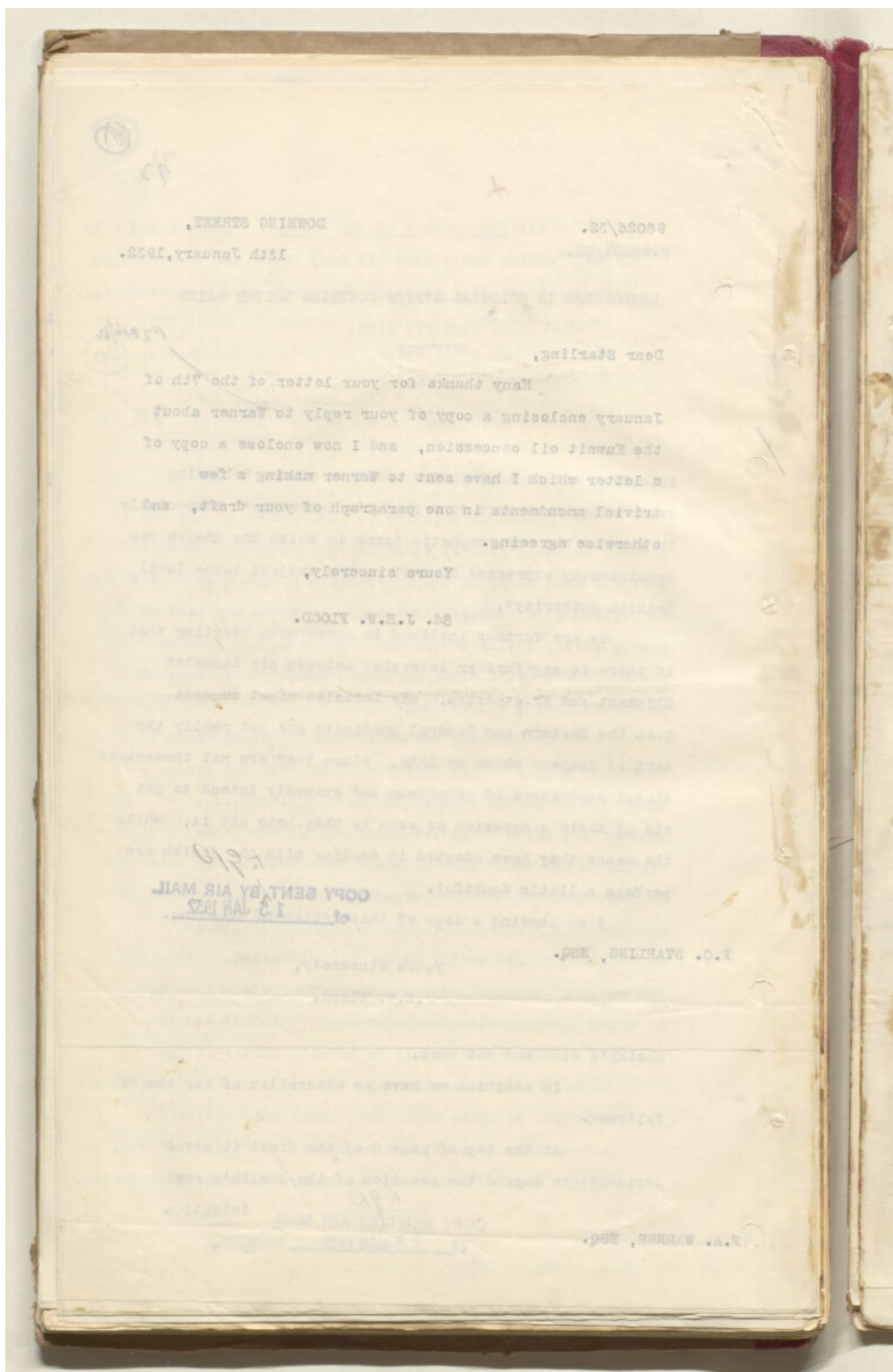
Many thanks for your letter of the 7th of January enclosing a copy of your reply to Warner about the Kuwait oil concession, and I now enclose a copy of a letter which I have sent to Warner making a few trivial amendments in one paragraph of your draft, and otherwise agreeing.

Yours sincerely,

Sd. J.E.W. FLOOD.

1.9/10
COPY SENT BY AIR MAIL
at 15 JAN 1932

F.C. STARLING, ESQ.





12910
COPY SENT BY AIR MAIL 74
of 15 JAN 1932

P.E.146/32.

INDIA OFFICE,

WHITEHALL, S.W.1.

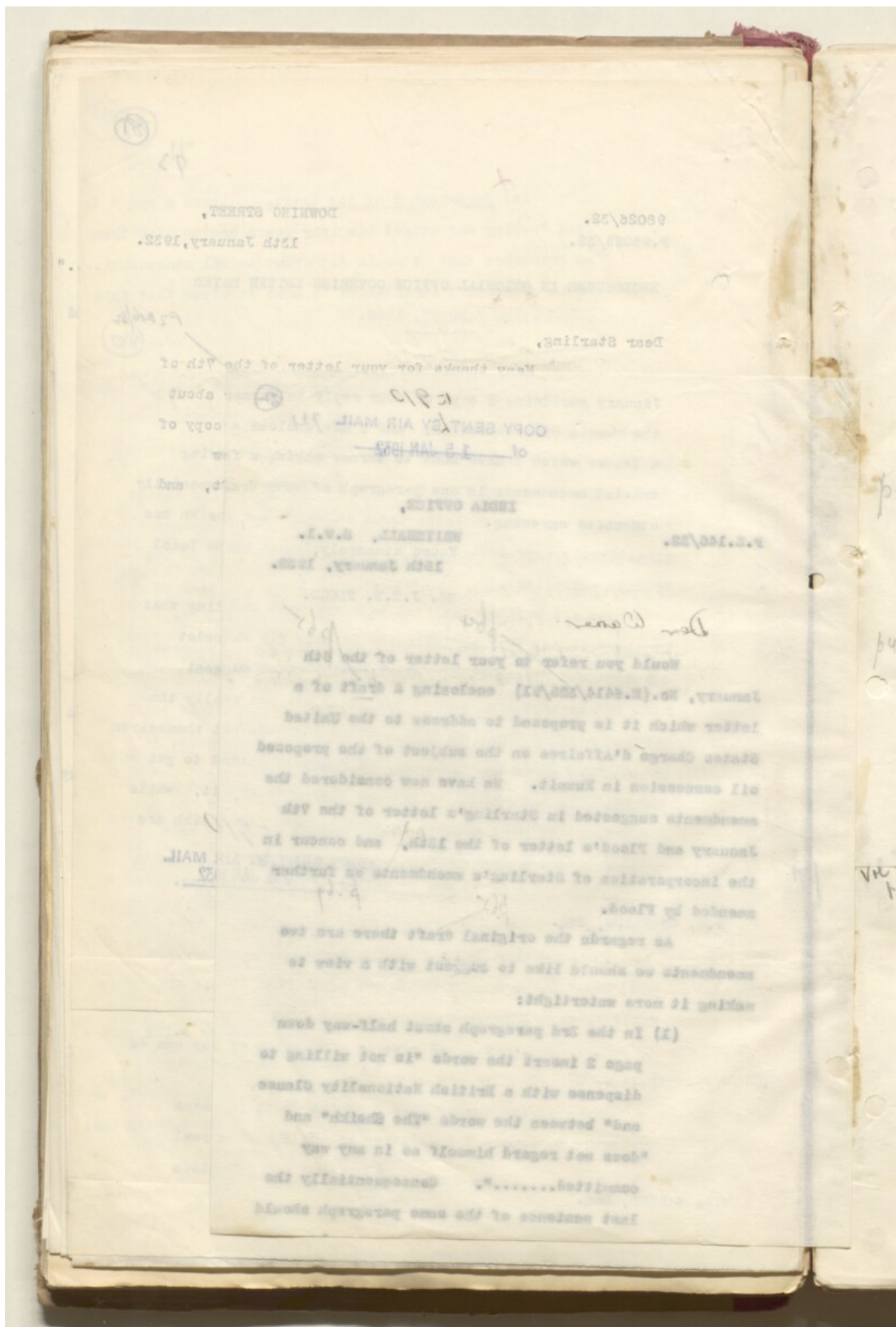
15th January, 1932.

Dear Waver.

Would you refer to your letter of the 6th January, No.(E.6414/325/91) enclosing a draft of a letter which it is proposed to address to the United States Charge d'Affaires on the subject of the proposed oil concession in Kuwait. We have now considered the amendments suggested in Starling's letter of the 7th January and Flood's letter of the 13th, and concur in the incorporation of Starling's amendments as further amended by Flood.

As regards the original draft there are two amendments we should like to suggest with a view to making it more watertight:

- (1) In the 3rd paragraph about half-way down page 2 insert the words "is not willing to dispense with a British Nationality Clause and" between the words "The Gheikh" and "does not regard himself as in any way committed.....". Consequentially the last sentence of the same paragraph should

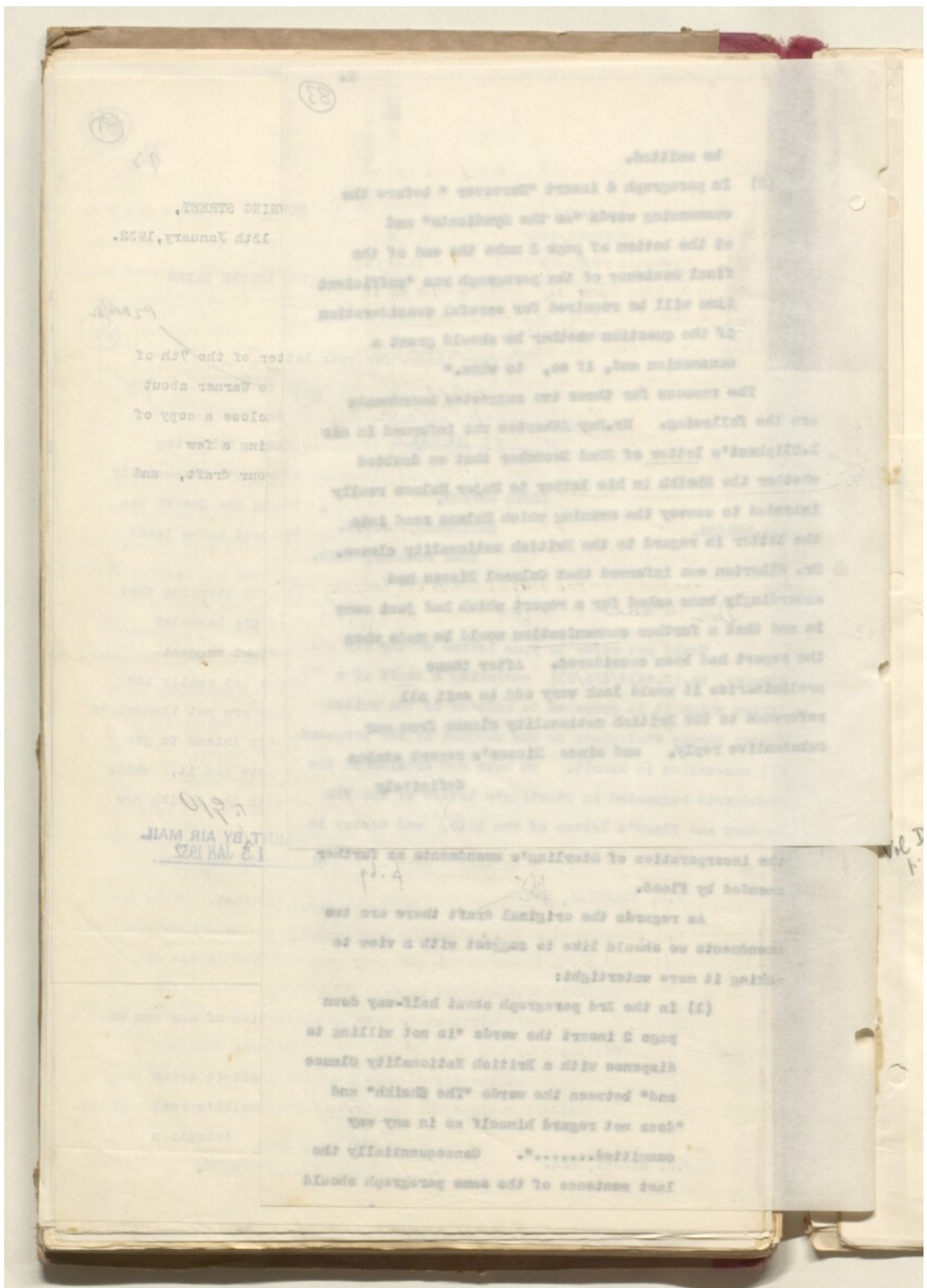




be omitted.

- (2) In paragraph 4 insert "Moreover " before the commencing words "as the Syndicate" and at the bottom of page 3 make the end of the final sentence of the paragraph run "sufficient time will be required for careful consideration of the question whether he should grant a concession and, if so, to whom."

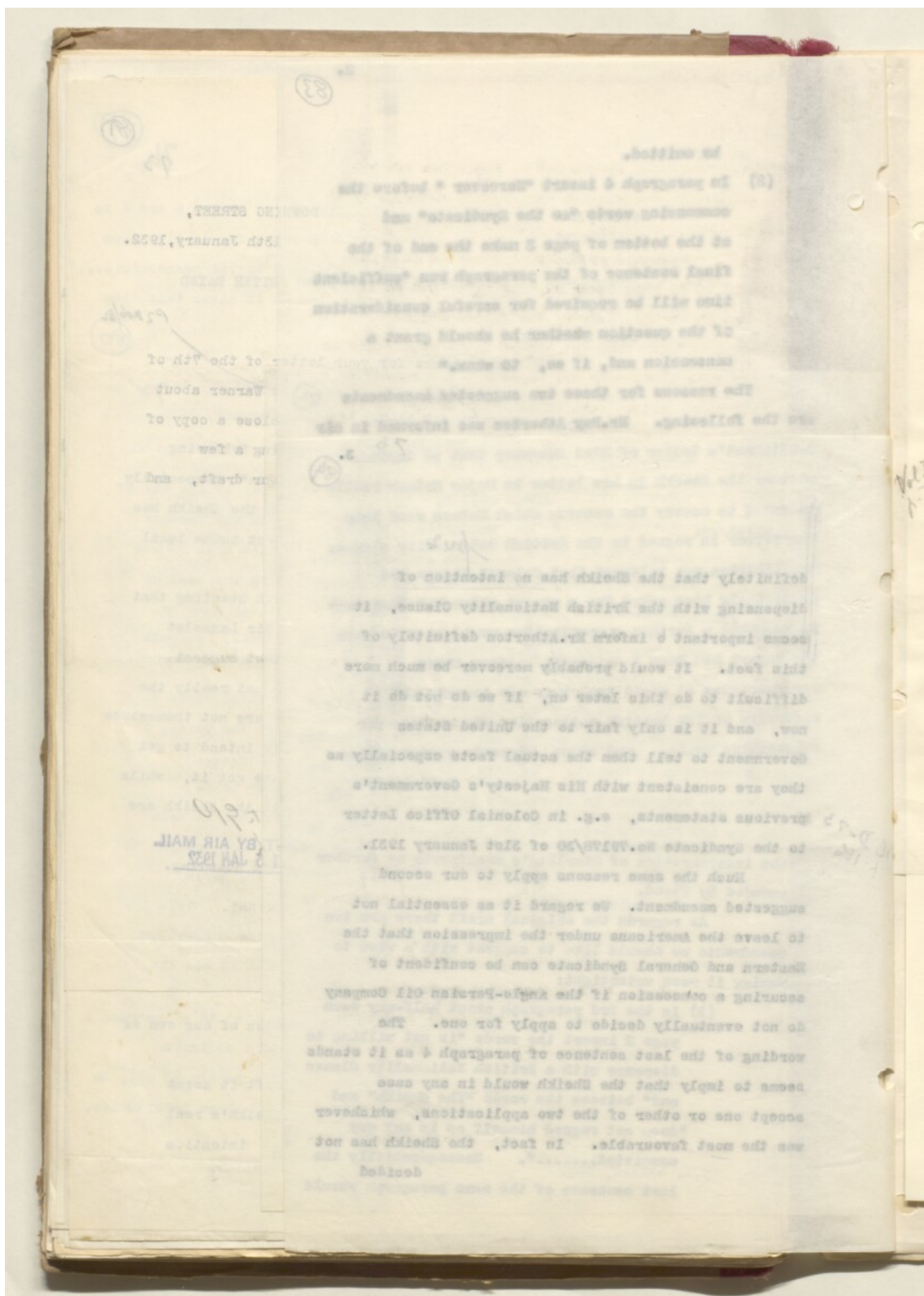
The reasons for these two suggested amendments are the following. Mr. Ray Atherton was informed in Sir L. Cliphant's letter of 22nd December that we doubted whether the Sheikh in his letter to Major Holmes really intended to convey the meaning which Holmes read into the letter in regard to the British nationality clause. Mr. Atherton was informed that Colonel Bischoff had accordingly been asked for a report which had just come in and that a further communication would be made when the report had been considered. After these preliminaries it would look very odd to omit all reference to the British nationality clause from our substantive reply, and since Bischoff's report states definitely

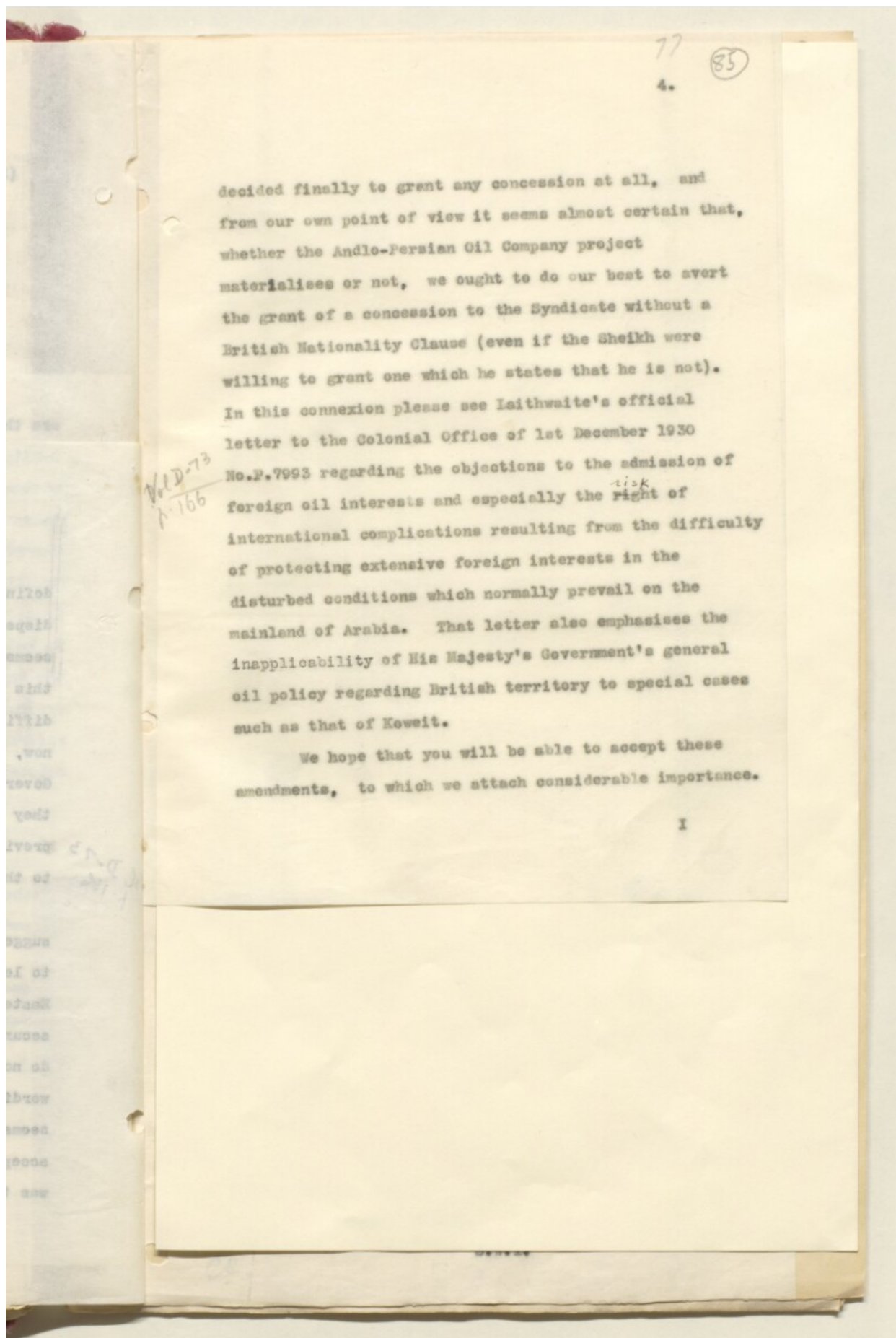




75 3. (84)
pu²
definitely that the Sheikh has no intention of dispensing with the British Nationality Clause, it seems important to inform Mr. Atherton definitely of this fact. It would probably moreover be much more difficult to do this later on, if we do not do it now, and it is only fair to the United States Government to tell them the actual facts especially as they are consistent with His Majesty's Government's previous statements, e.g. in Colonial Office Letter to the Syndicate No. 79178/30 of 31st January 1931.

File D-73
1-166
Much the same reasons apply to our second suggested amendment. We regard it as essential not to leave the Americans under the impression that the Eastern and General Syndicate can be confident of securing a concession if the Anglo-Persian Oil Company do not eventually decide to apply for one. The wording of the last sentence of paragraph 4 as it stands seems to imply that the Sheikh would in any case accept one or other of the two applications, whichever was the most favourable. In fact, the Sheikh has not decided



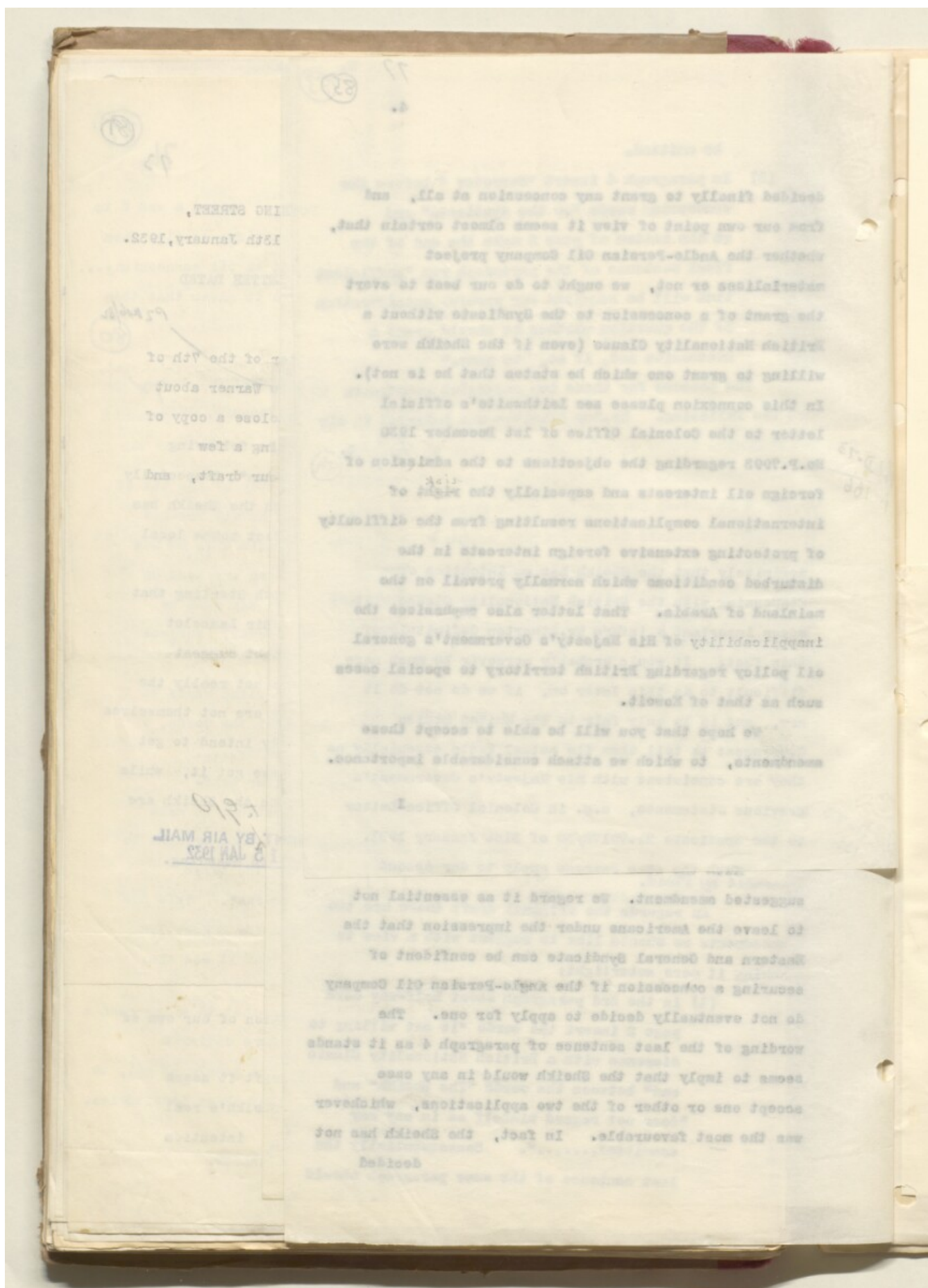


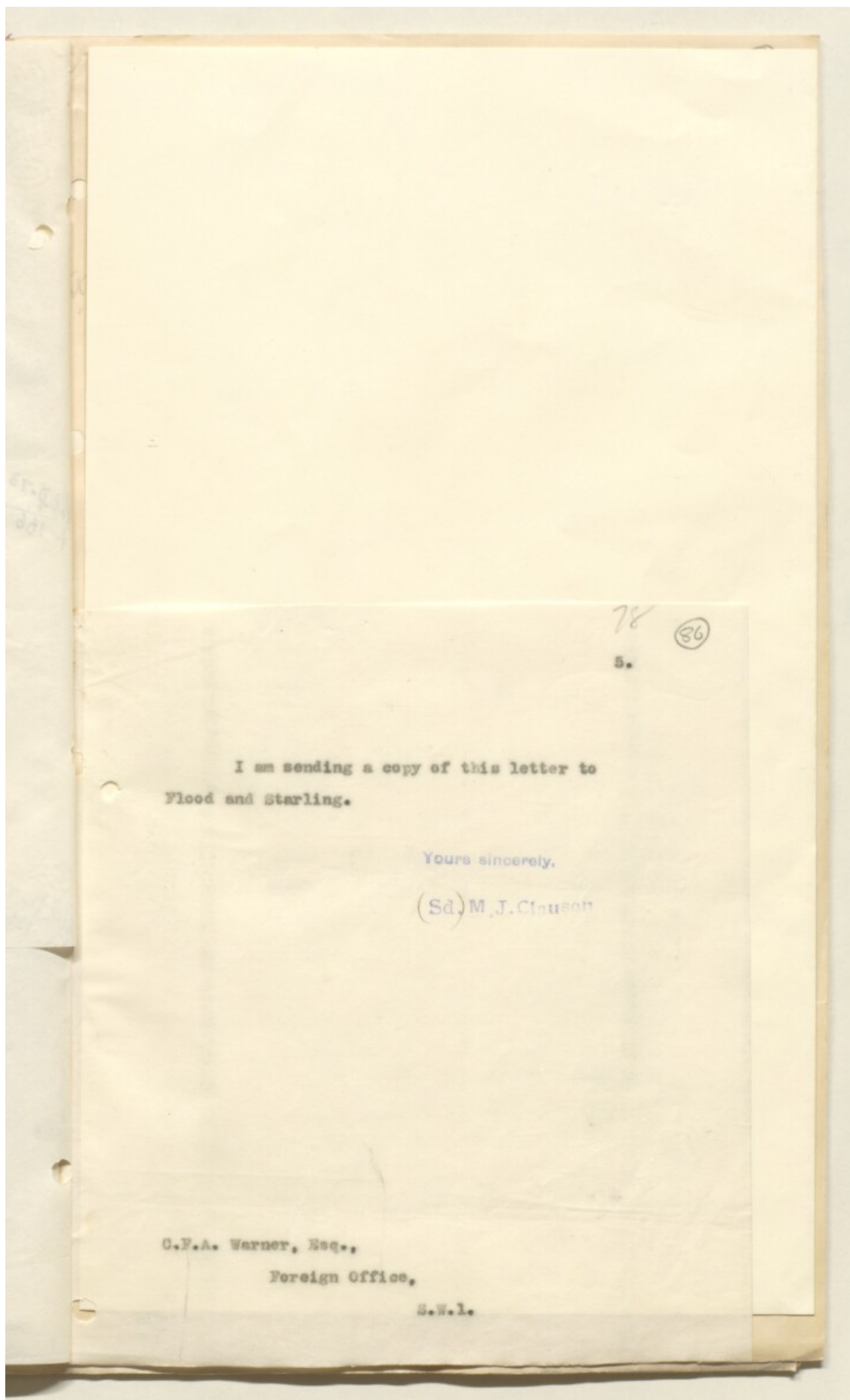
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(85)

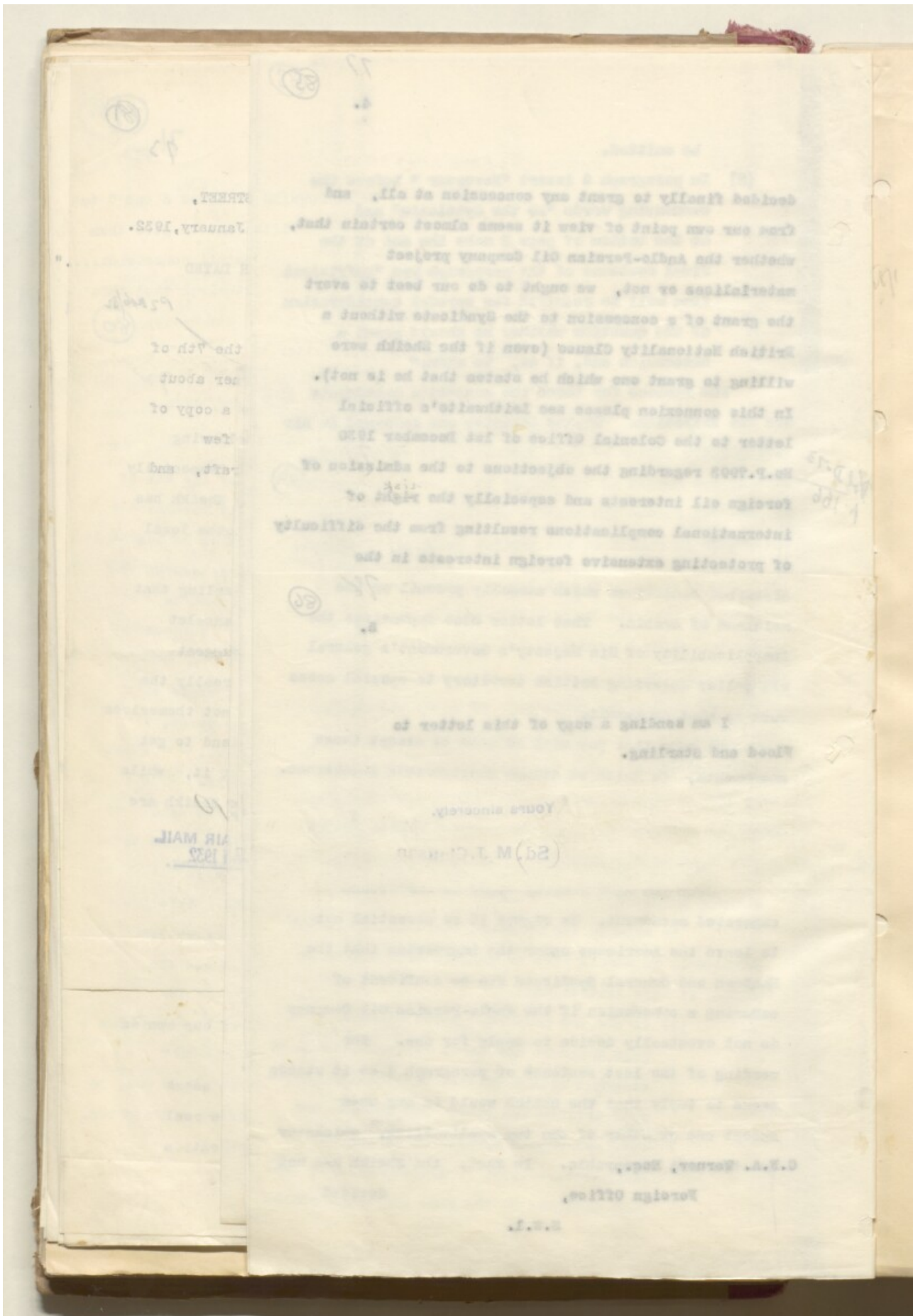
decided finally to grant any concession at all, and from our own point of view it seems almost certain that, whether the Andlo-Persian Oil Company project materialises or not, we ought to do our best to avert the grant of a concession to the Syndicate without a British Nationality Clause (even if the Sheikh were willing to grant one which he states that he is not). In this connexion please see Laithwaite's official letter to the Colonial Office of 1st December 1930 No.P.7993 regarding the objections to the admission of foreign oil interests and especially the right of international complications resulting from the difficulty of protecting extensive foreign interests in the disturbed conditions which normally prevail on the mainland of Arabia. That letter also emphasises the inapplicability of His Majesty's Government's general oil policy regarding British territory to special cases such as that of Koweit.

We hope that you will be able to accept these amendments, to which we attach considerable importance.

I









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87

Confidential.

No.F.282-W/28.

BUSHIRE RESIDENCY
Reg. No. 101
Date 28/1/32
CONFIDENTIAL RESIDENCY

A copy of the undermentioned papers is forwarded to the Hon'ble the Political Resident in the Persian Gulf, for information, with reference to correspondence ending with his endorsement No. 838-S of 1931, dated the 24th December 1931.

h3-a

By order, etc.,

[Signature]
Assistant Secretary to the Government of India.

Foreign and Political Department.
New Delhi;
The 18th January 1932.
.....

(1) Letter from the Foreign Office to the Colonial Office, No. E.6011/325/91, dated the 12th December 1931 with enclosure.

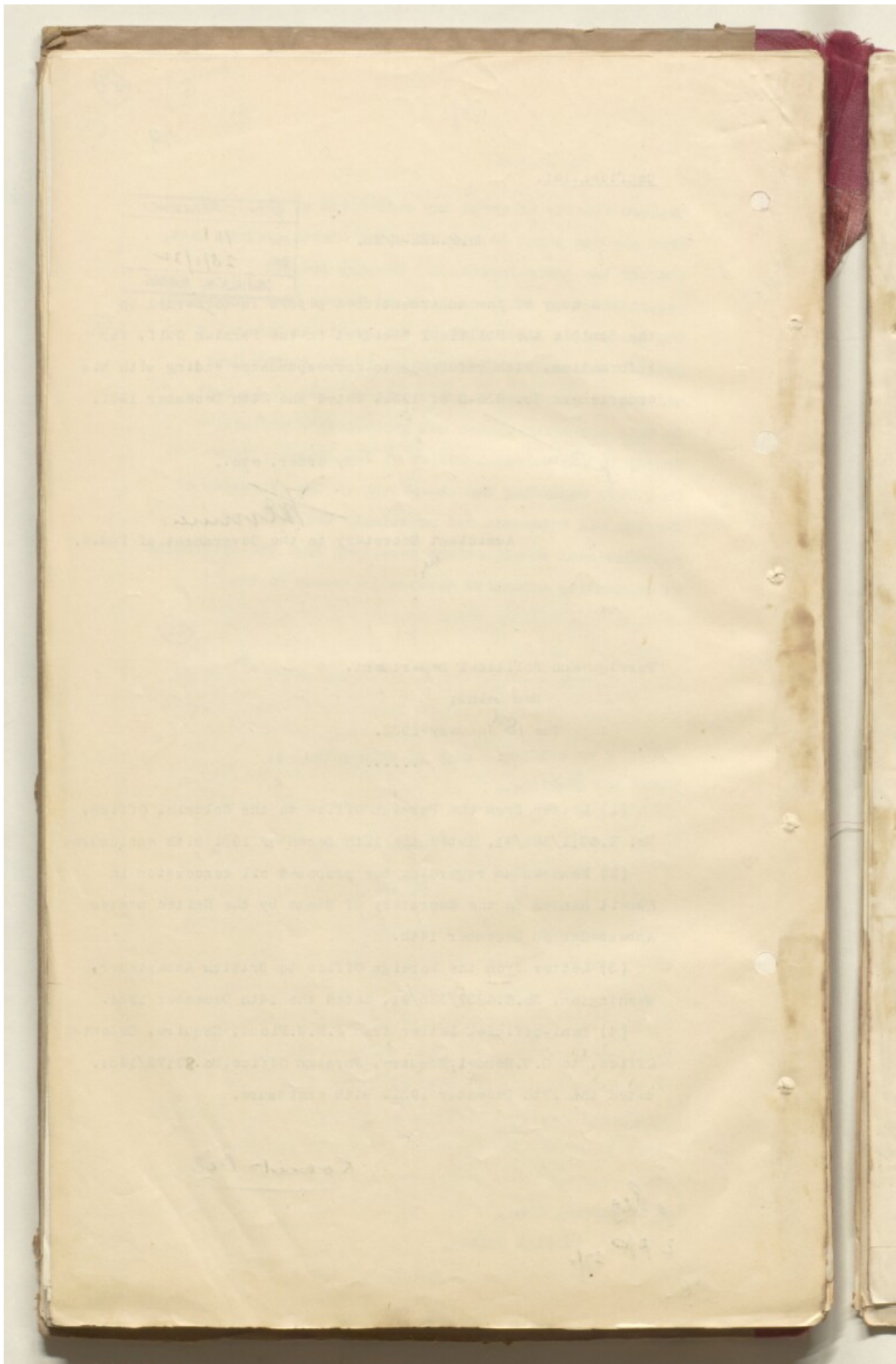
(2) Memorandum regarding the proposed oil concession in Kuwait handed to the Secretary of State by the United States Ambassador on December 14th.

(3) Letter from the Foreign Office to British Ambassador, Washington, No.E.6237/325/91, dated the 14th December 1931.

(4) Demi-official letter from J.E.W.Flood, Esquire, Colonial Office, to G.W.Rendel, Esquire, Foreign Office, No.89178/1931, dated the 17th December 1931, with enclosure.

Kuwait Oil

1 Reg
2 A/P 27/1
ce.





P.Z.7785/31.

Enclosures in Foreign Office covering letter
No.E.6011/325/91, dated 15th December, 1931.

E.6011/325/91.

Foreign Office,
S.W.I.

12th December, 1931.

Sir,

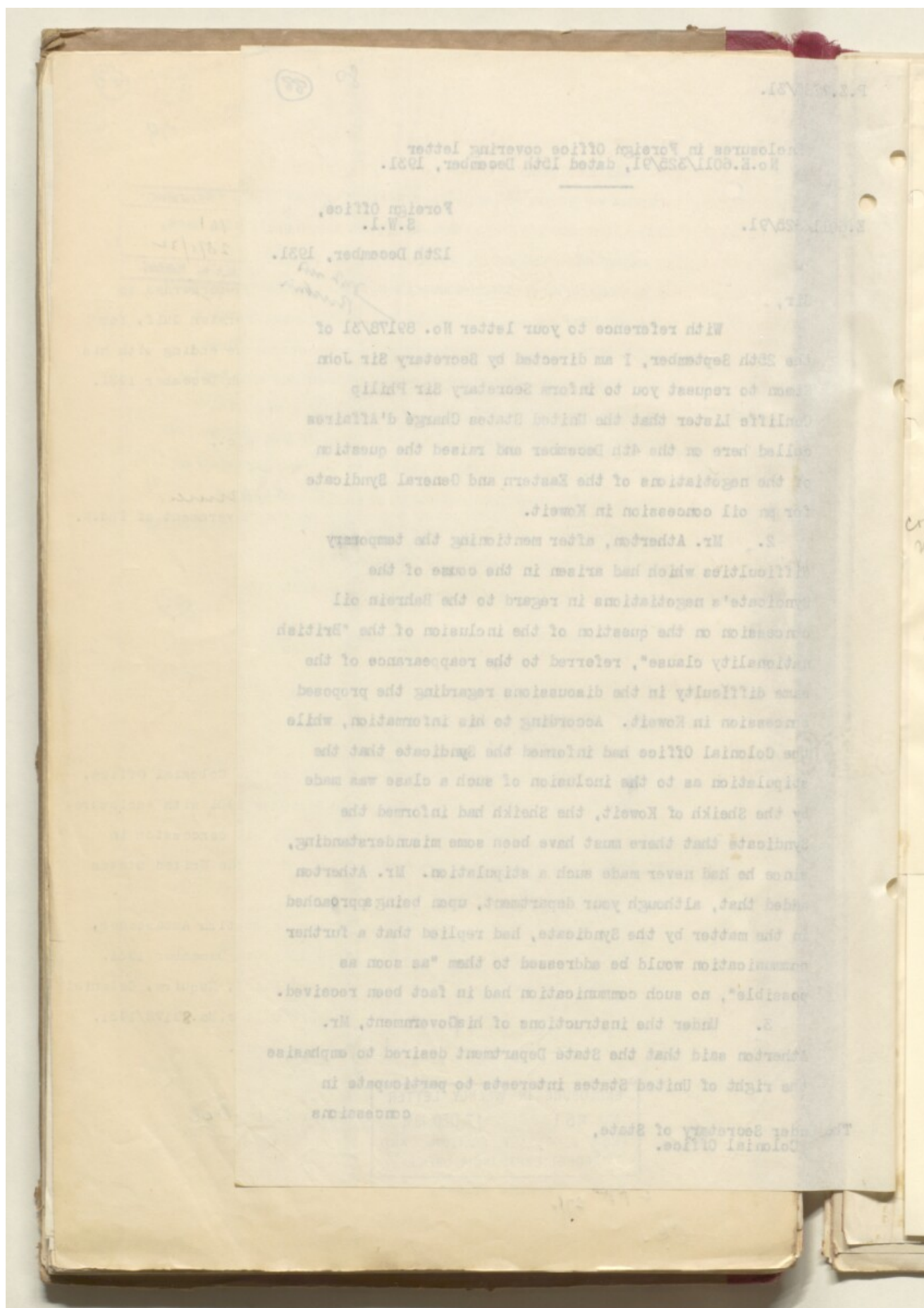
With reference to your letter No. 89178/31 of the 25th September, I am directed by Secretary Sir John Simon to request you to inform Secretary Sir Philip Cunliffe Lister that the United States Chargé d'Affaires called here on the 4th December and raised the question of the negotiations of the Eastern and General Syndicate for an oil concession in Koweit.

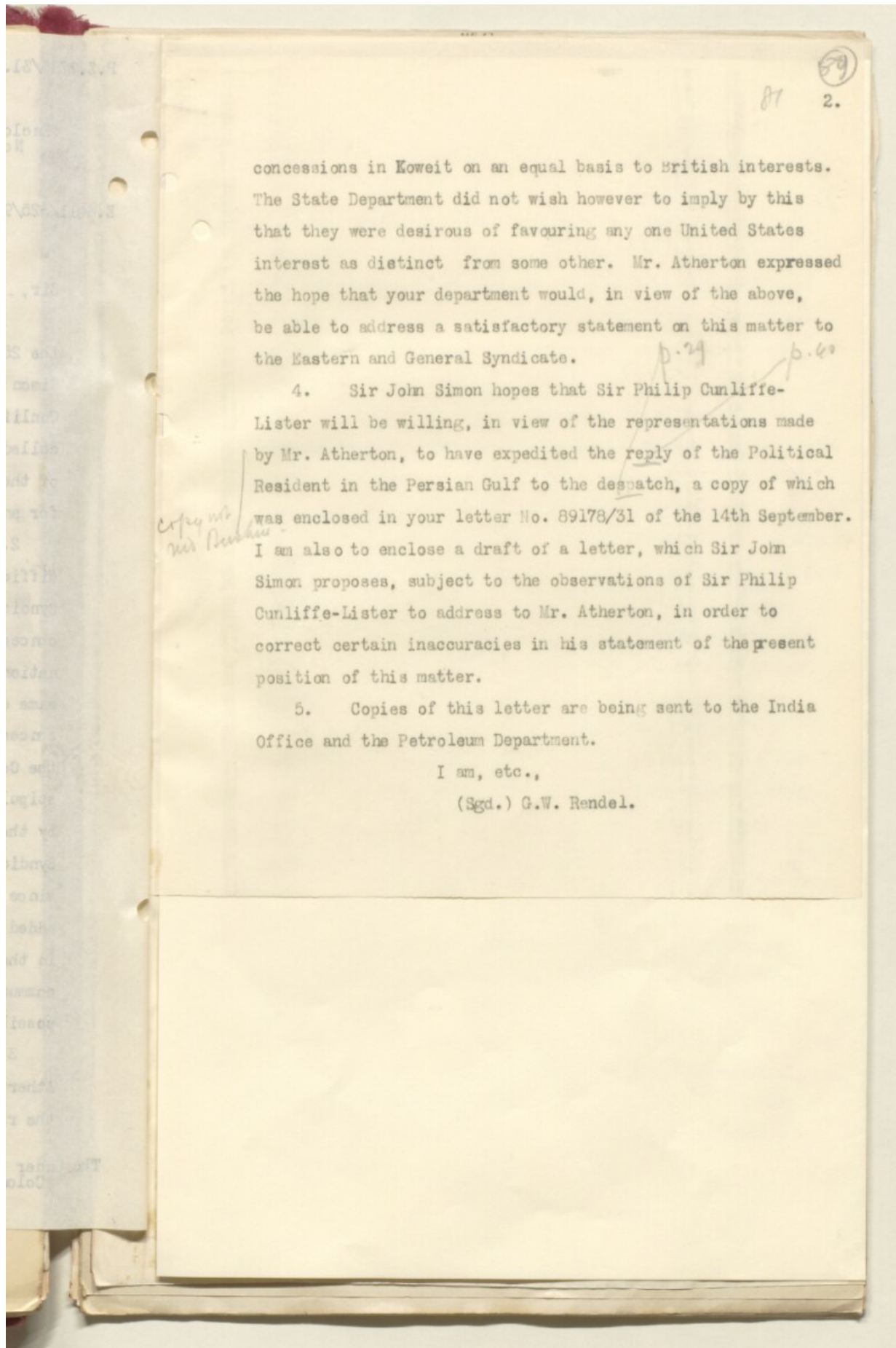
2. Mr. Atherton, after mentioning the temporary difficulties which had arisen in the course of the Syndicate's negotiations in regard to the Bahrein oil concession on the question of the inclusion of the "British nationality clause", referred to the reappearance of the same difficulty in the discussions regarding the proposed concession in Koweit. According to his information, while the Colonial Office had informed the Syndicate that the stipulation as to the inclusion of such a clause was made by the Sheikh of Koweit, the Sheikh had informed the Syndicate that there must have been some misunderstanding, since he had never made such a stipulation. Mr. Atherton added that, although your department, upon being approached in the matter by the Syndicate, had replied that a further communication would be addressed to them "as soon as possible", no such communication had in fact been received.

3. Under the instructions of his Government, Mr. Atherton said that the State Department desired to emphasise the right of United States interests to participate in concessions

The Under Secretary of State,
Colonial Office.

ENCLOSURE IN WEEKLY LETTER
NO. 851
17 DEC 1931
FROM SECRETARY, FOREIGN AND
COMMONWEALTH OFFICE
TO SECRETARY, INDIA OFFICE





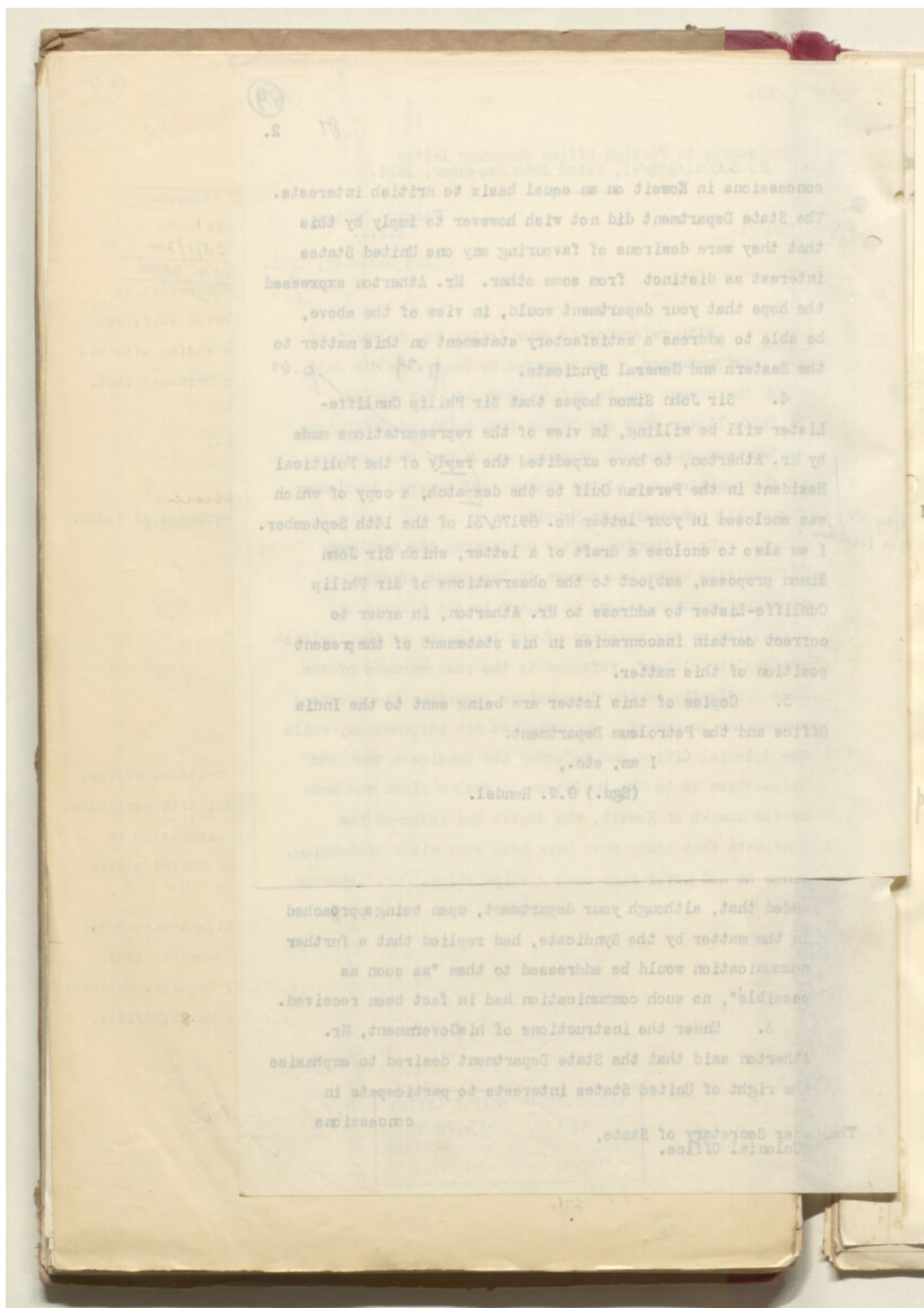
concessions in Koweit on an equal basis to British interests. The State Department did not wish however to imply by this that they were desirous of favouring any one United States interest as distinct from some other. Mr. Atherton expressed the hope that your department would, in view of the above, be able to address a satisfactory statement on this matter to the Eastern and General Syndicate.

4. Sir John Simon hopes that Sir Philip Cunliffe-Lister will be willing, in view of the representations made by Mr. Atherton, to have expedited the reply of the Political Resident in the Persian Gulf to the despatch, a copy of which was enclosed in your letter No. 89178/31 of the 14th September. I am also to enclose a draft of a letter, which Sir John Simon proposes, subject to the observations of Sir Philip Cunliffe-Lister to address to Mr. Atherton, in order to correct certain inaccuracies in his statement of the present position of this matter.

5. Copies of this letter are being sent to the India Office and the Petroleum Department.

I am, etc.,

(Sgd.) G.W. Rendel.





E.4011/325/91.

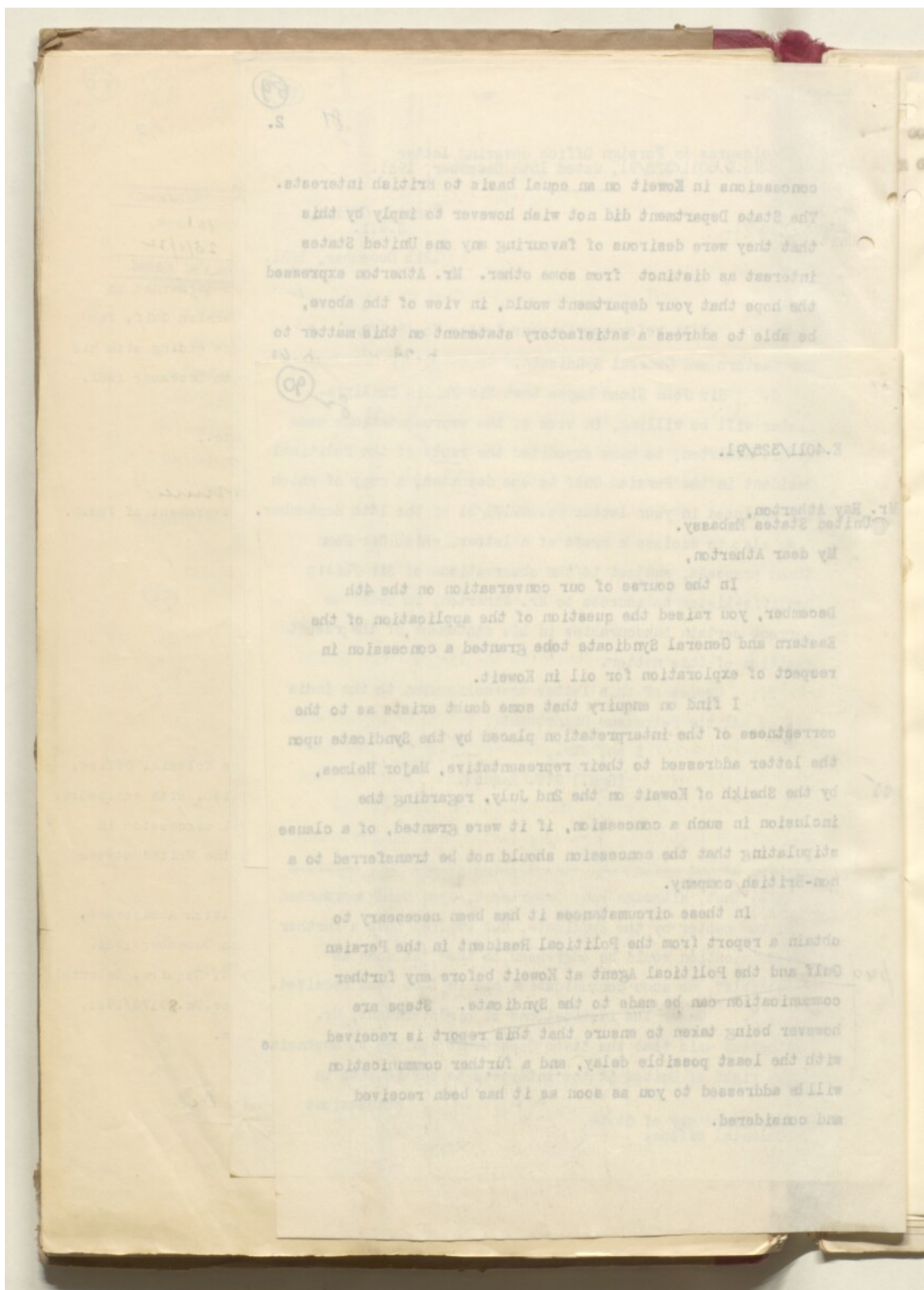
Mr. Ray Atherton,
United States Embassy.

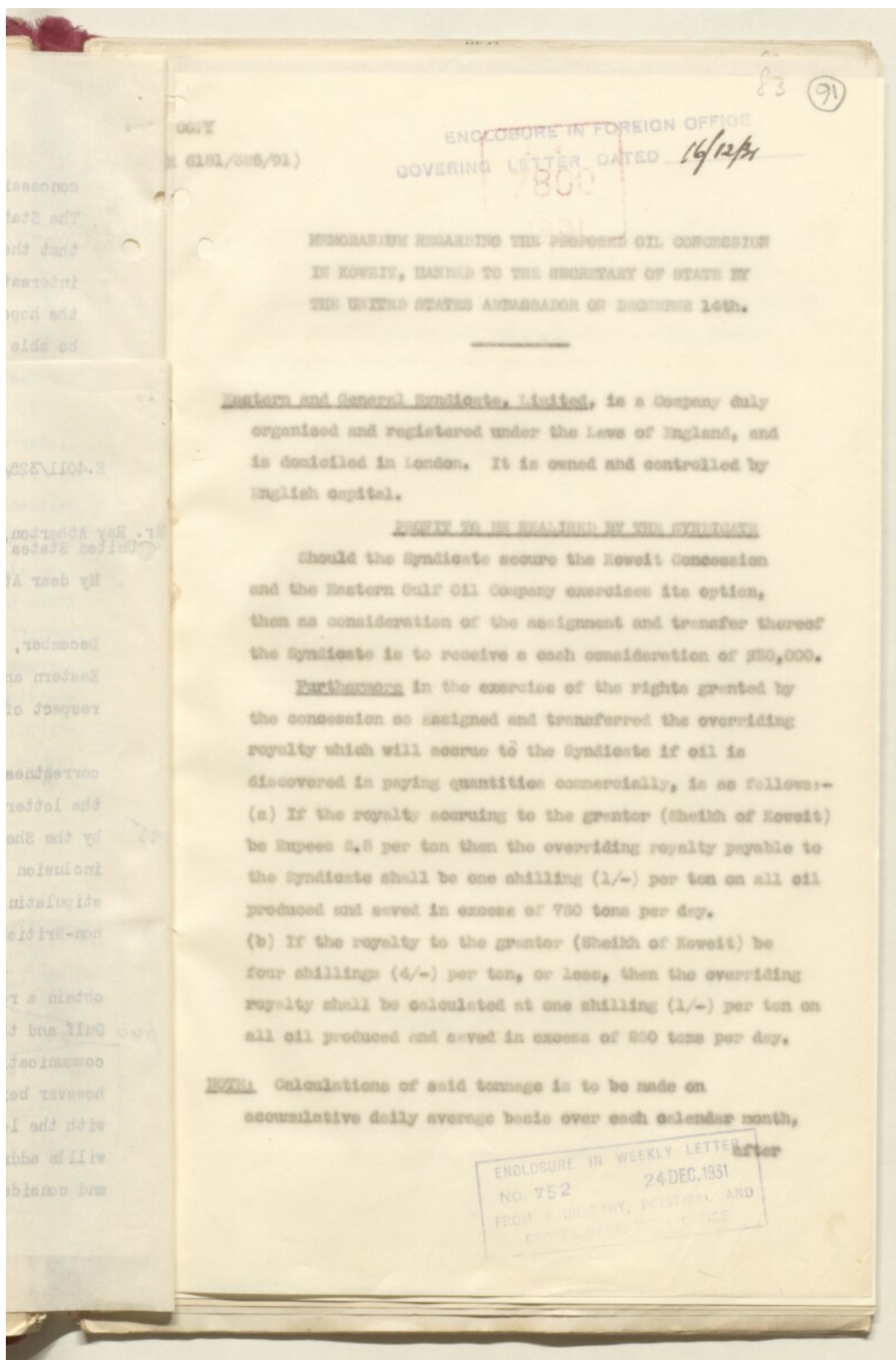
My dear Atherton,

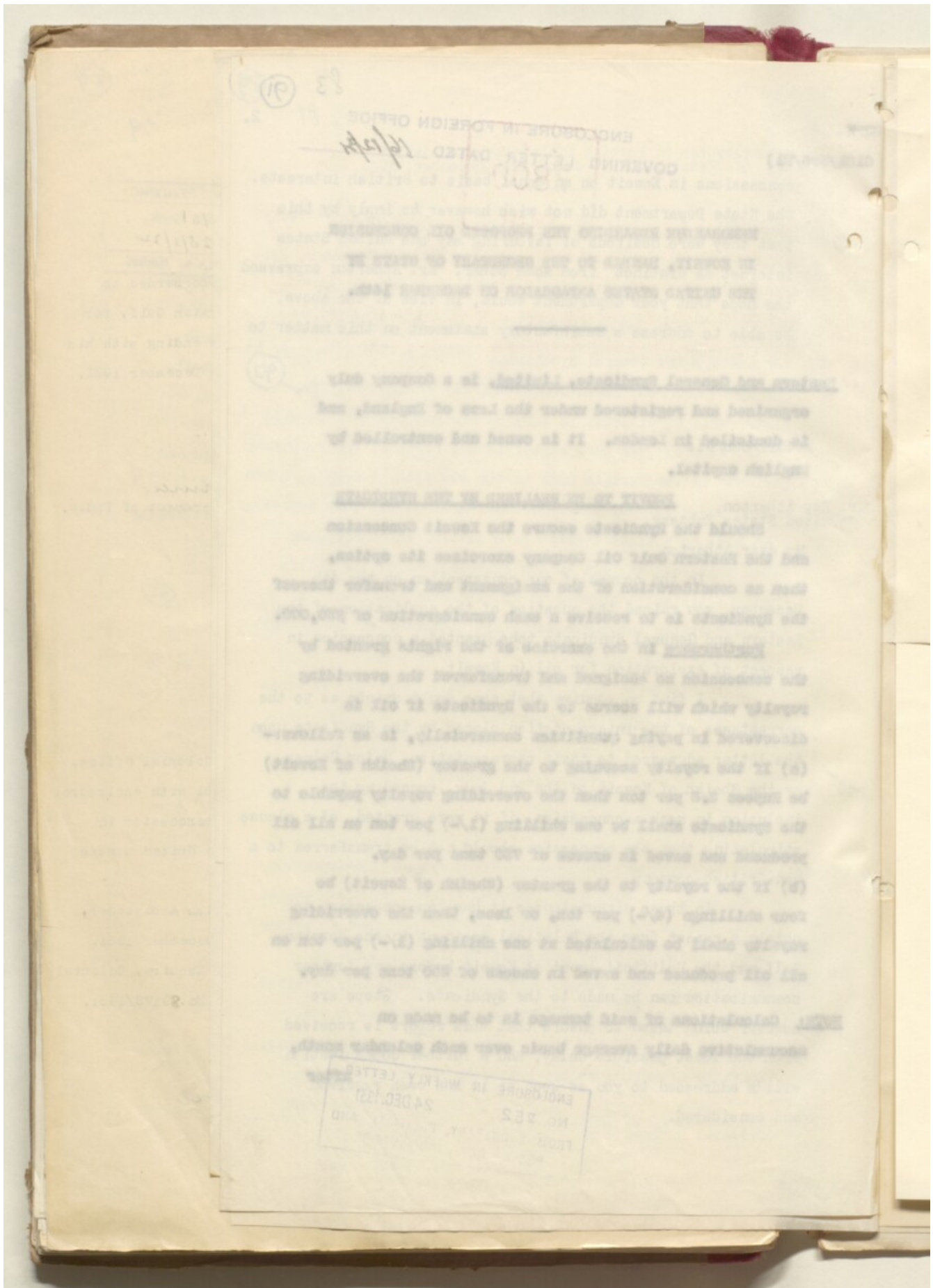
In the course of our conversation on the 4th December, you raised the question of the application of the Eastern and General Syndicate to be granted a concession in respect of exploration for oil in Koweit.

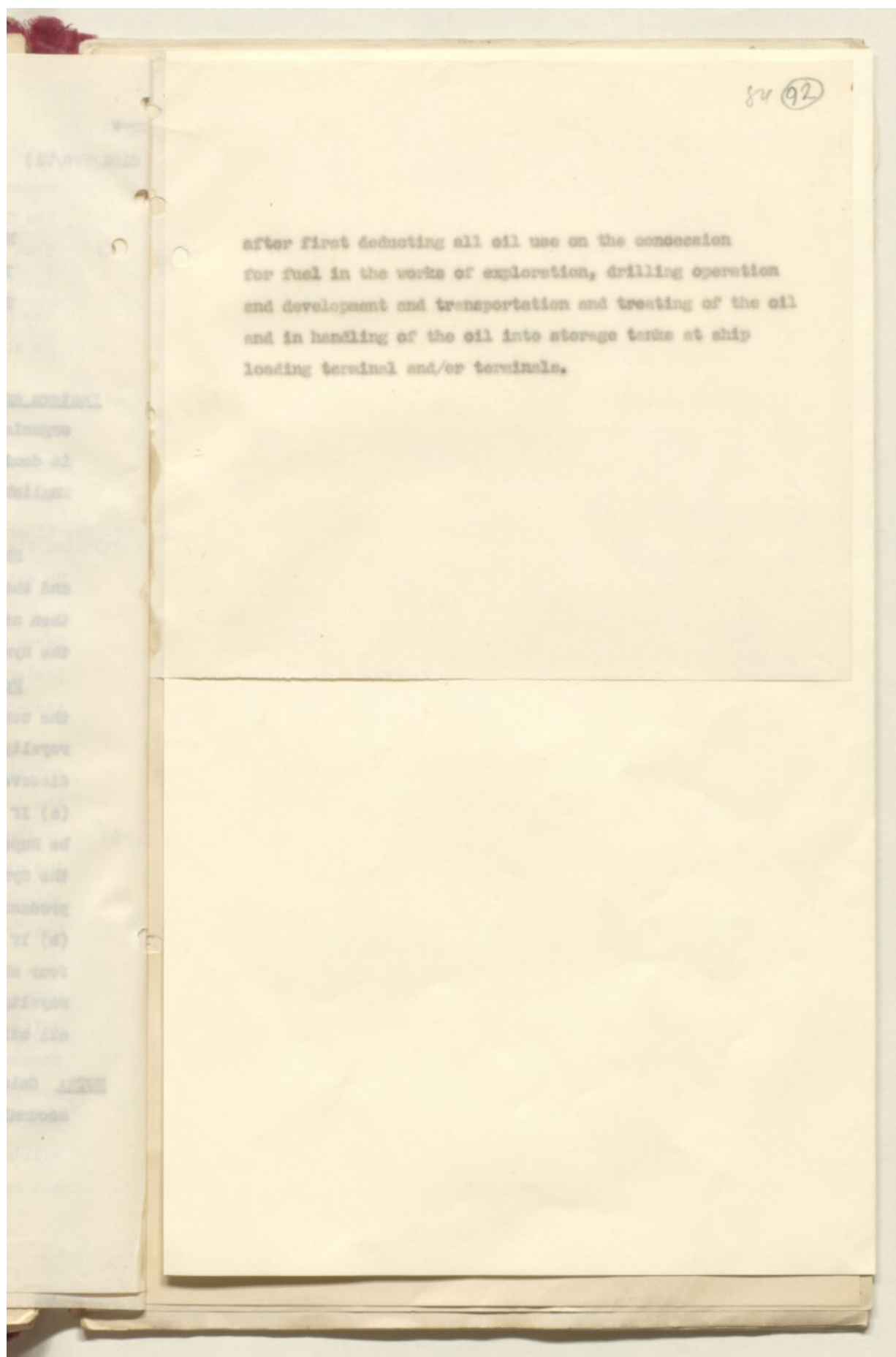
I find on enquiry that some doubt exists as to the correctness of the interpretation placed by the Syndicate upon the letter addressed to their representative, Major Holmes, by the Sheikh of Koweit on the 2nd July, regarding the inclusion in such a concession, if it were granted, of a clause stipulating that the concession should not be transferred to a non-British company.

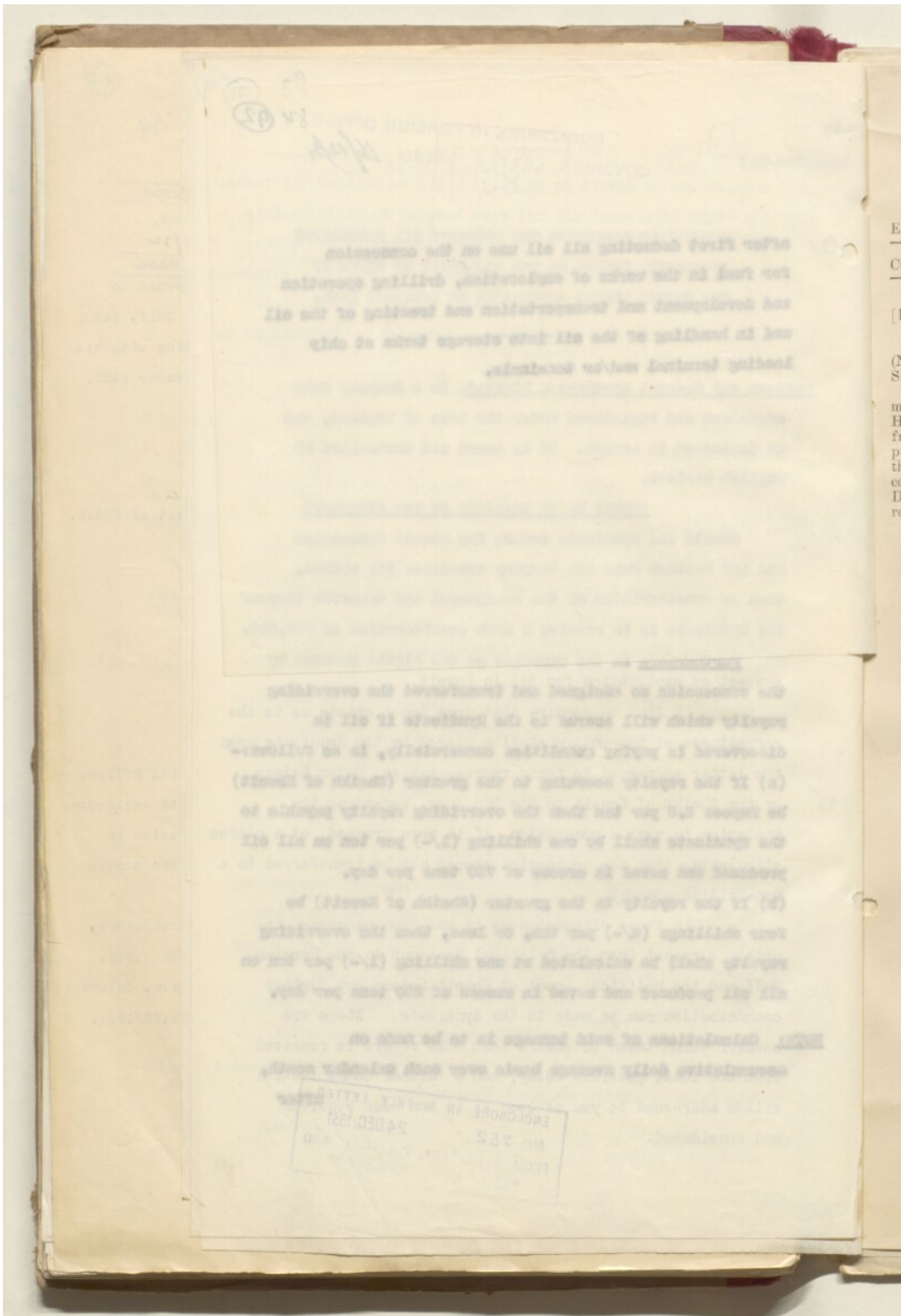
In these circumstances it has been necessary to obtain a report from the Political Resident in the Persian Gulf and the Political Agent at Koweit before any further communication can be made to the Syndicate. Steps are however being taken to ensure that this report is received with the least possible delay, and a further communication will be addressed to you as soon as it has been received and considered.













86/1 85 93

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

EASTERN (ARABIA). *jc25/2* December 14, 1931.

CONFIDENTIAL.

[E 6237/325/91]

BUSHIRE RESIDENCY.
No. 1.
CONFIDENTIAL SECURITY

SECTION 1.

Sir John Simon to Sir R. Lindsay (Washington).

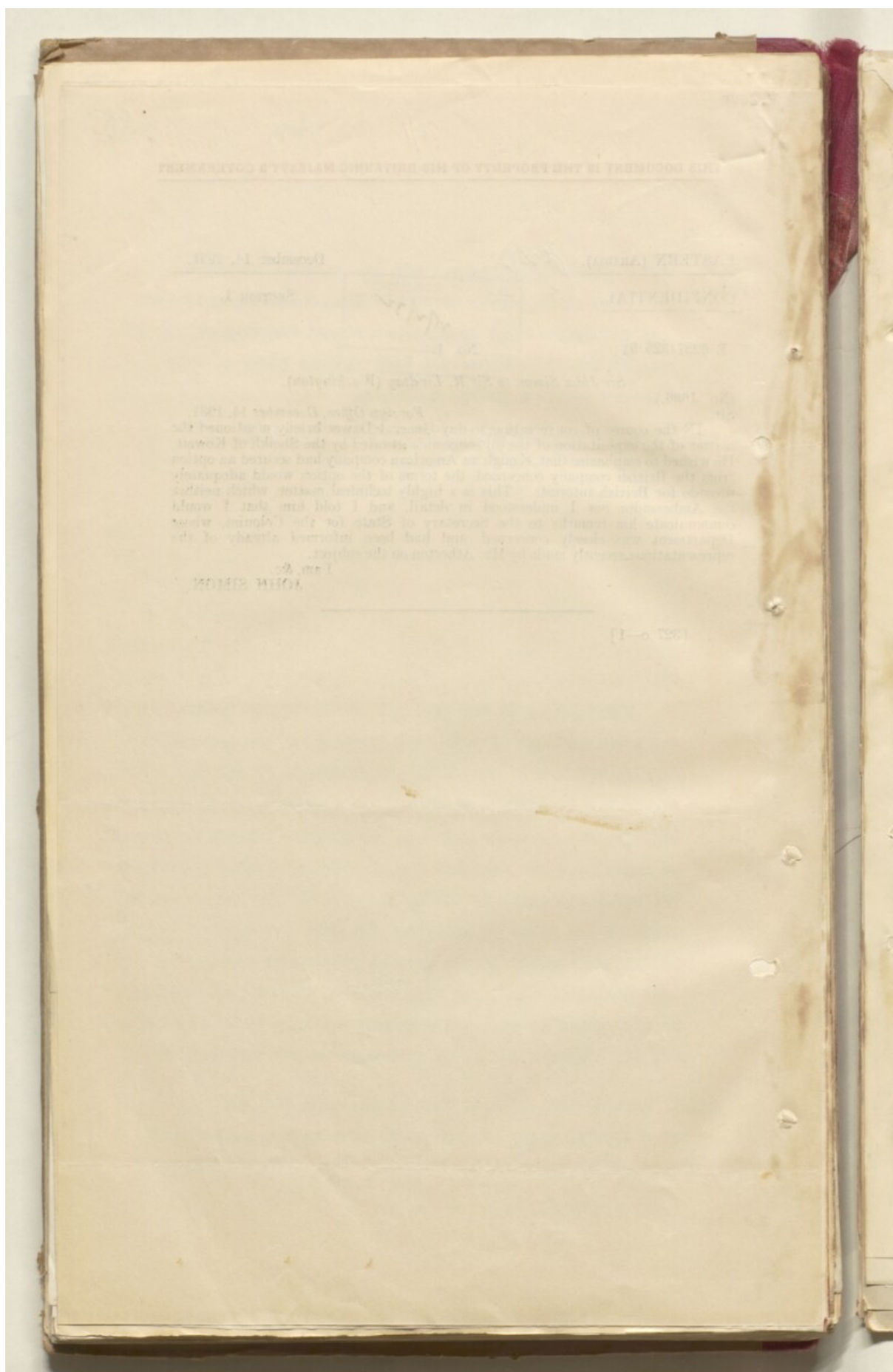
(No. 1696.)
Sir,

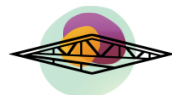
Foreign Office, December 14, 1931.

IN the course of conversation to-day General Dawes briefly mentioned the matter of the exploitation of the oil concession granted by the Sheikh of Koweit. He wished to emphasise that, though an American company had secured an option from the British company concerned, the terms of the option would adequately provide for British interests. This is a highly technical matter, which neither the Ambassador nor I understood in detail, and I told him that I would communicate his remarks to the Secretary of State for the Colonies, whose Department was closely concerned and had been informed already of the representations recently made by Mr. Atherton on the subject.

I am, &c.
JOHN SIMON.

[327 o-1]





P.Z.7839/31

82 94

Copy of enclosure in Colonial Office covering letter
dated 17th December 1931.

IMMEDIATE

89178/1931

Downing Street,
17 December 1931.

Dear Rendel,

With reference to your official letter
No.E.6011/325/91 of the 12th of December about representations
made by the United States Charge d'Affaires on the subject
of the Eastern and General Syndicate's application for an oil
concession in Kuwait. I enclose herewith a copy
of the despatch from the Resident in the Persian
Gulf in reply to the despatch referred to in
paragraph 4 of your letter, together with a copy of an interim
reply which has been sent to the Syndicate. A copy of
another despatch from the Resident regarding the Anglo-Persian
Oil Company's proposal to send out geologists to Kuwait is also
enclosed as it has a bearing on the Eastern and General
Syndicate's application.

Fr. Res. 3.11.31
To East & Gen.
Synd. 25.11.31
Fr. Res. 29.10.31

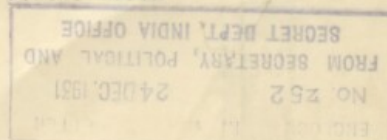
In view of the intervention of the Americans and
of the fact that we have now received Biscoe's report, we
suggest that the whole matter should be discussed as soon as
possible by representatives of the interested Departments.
If you agree to this suggestion, you may think it preferable
to await the result of the discussion before saying anything
to the United States Charge d'Affaires.

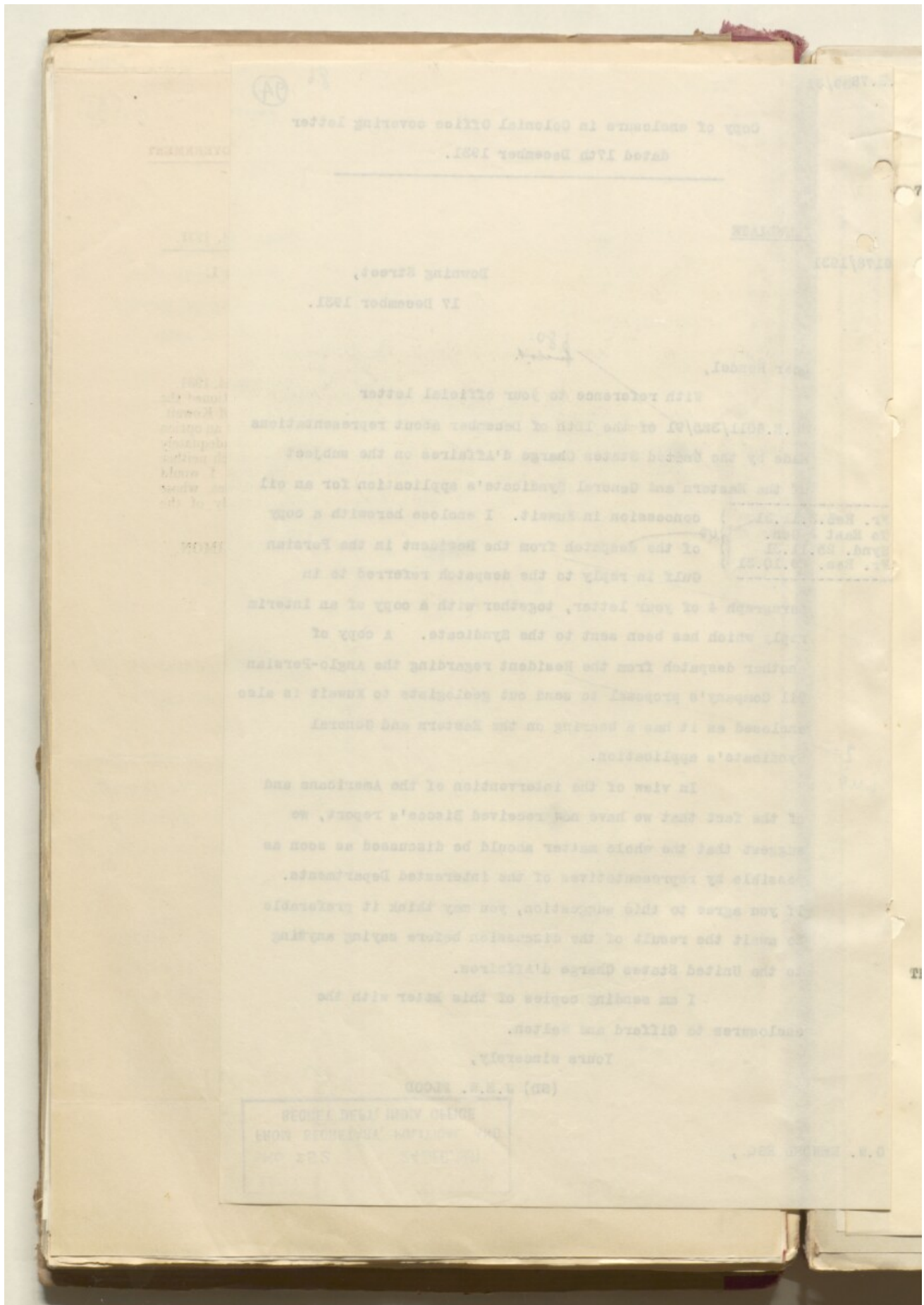
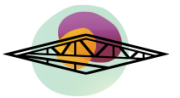
I am sending copies of this letter with the
enclosures to Giffard and Walton.

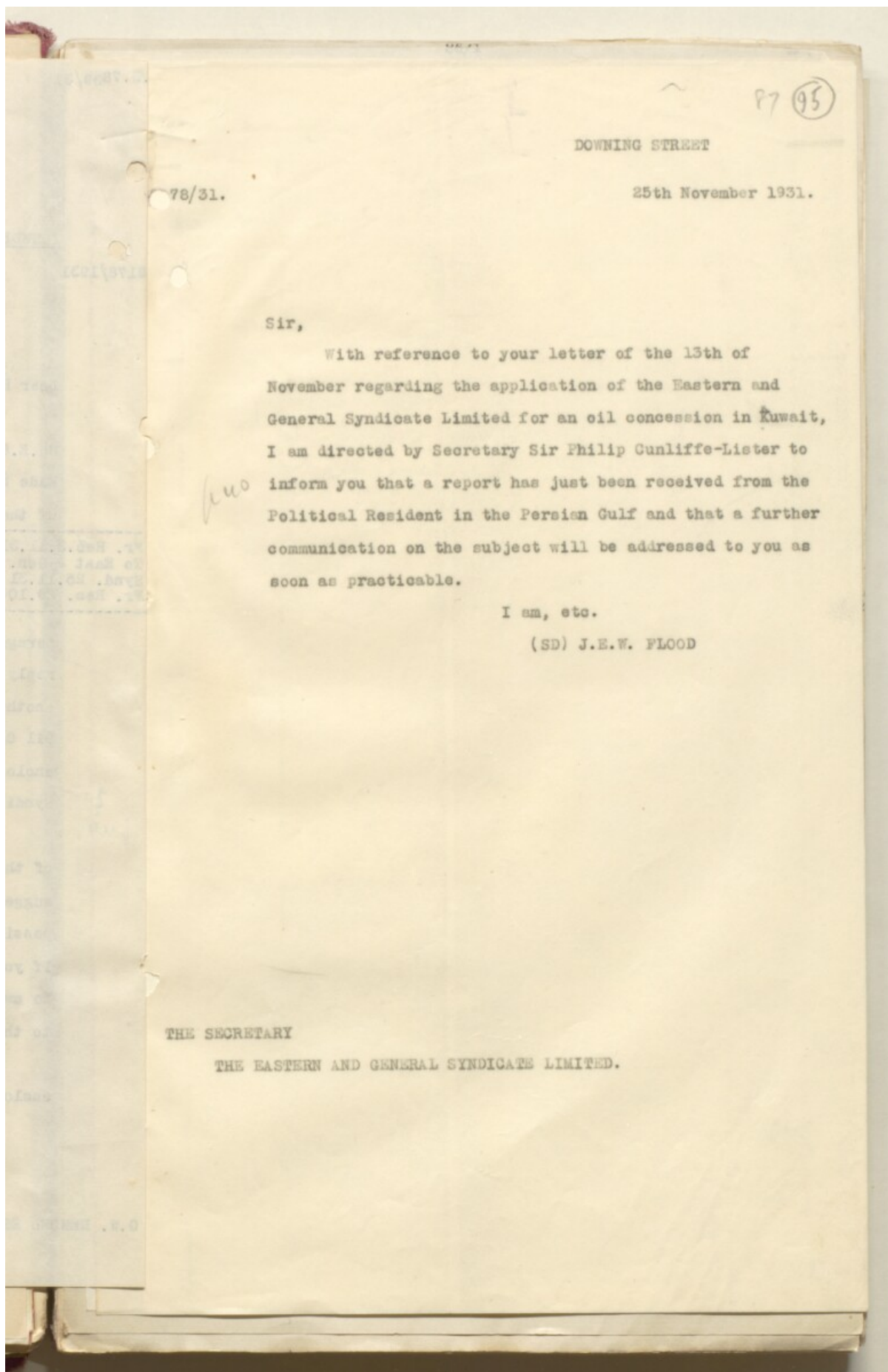
Yours sincerely,

(SD) J.E.W. FLOOD

G.W. RENDEL ESQ.,







DOWNING STREET

25th November 1931.

78/31.

Sir,

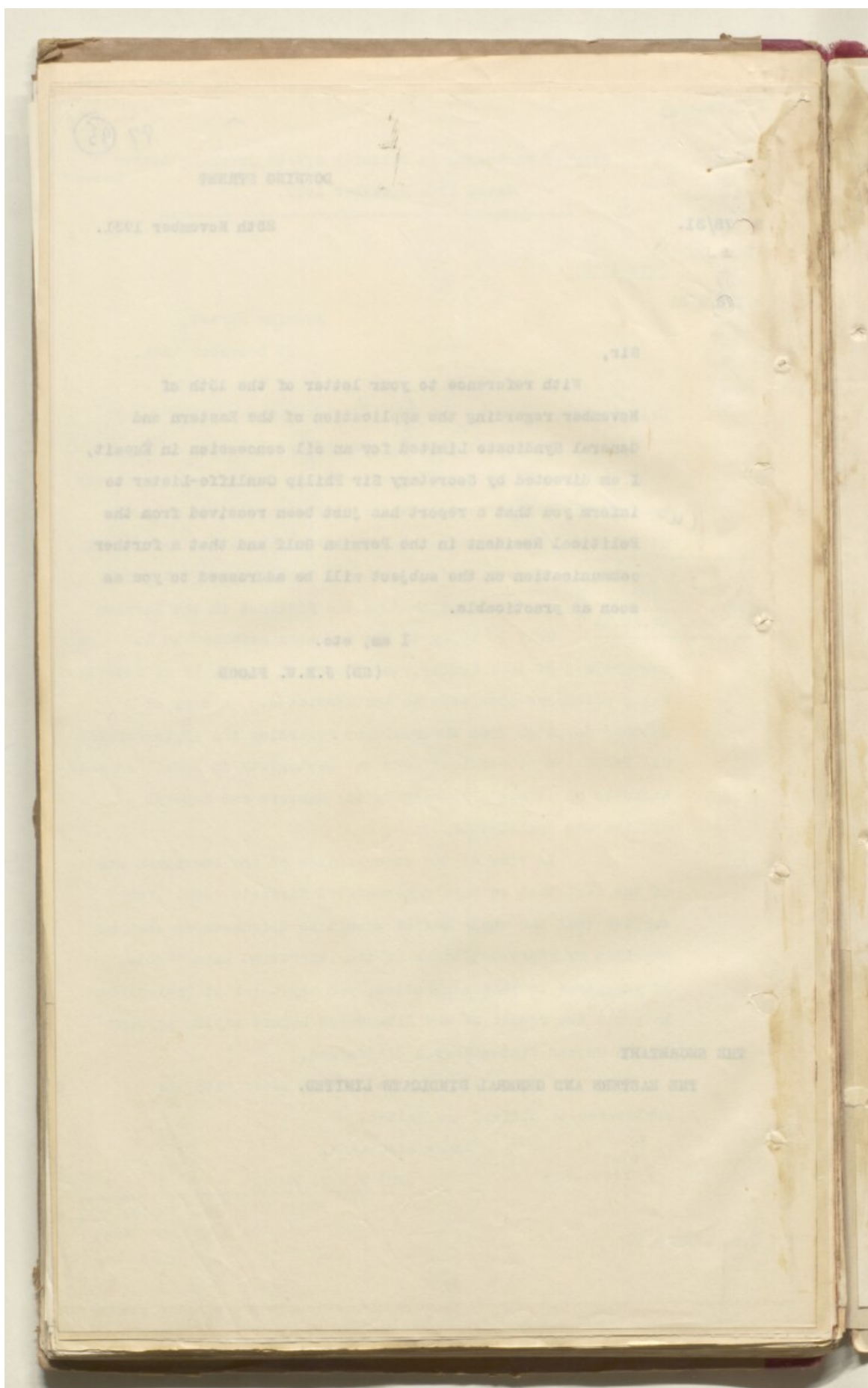
With reference to your letter of the 13th of November regarding the application of the Eastern and General Syndicate Limited for an oil concession in Kuwait, I am directed by Secretary Sir Philip Cunliffe-Lister to inform you that a report has just been received from the Political Resident in the Persian Gulf and that a further communication on the subject will be addressed to you as soon as practicable.

I am, etc.

(SD) J.E.W. FLOOD

THE SECRETARY

THE EASTERN AND GENERAL SYNDICATE LIMITED.





By AIR MAIL. 28/1

96

jc 2/2

BUSHIRE RECEIVING.	
No. ...	45
Date ...	3/2/32
CONFIDENTIAL RECORDS.	

Forwarded with the compliments of the
Secretary, Political Department, India Office,
for the information of the
Political Resident, Bushire.

P.2 22/32

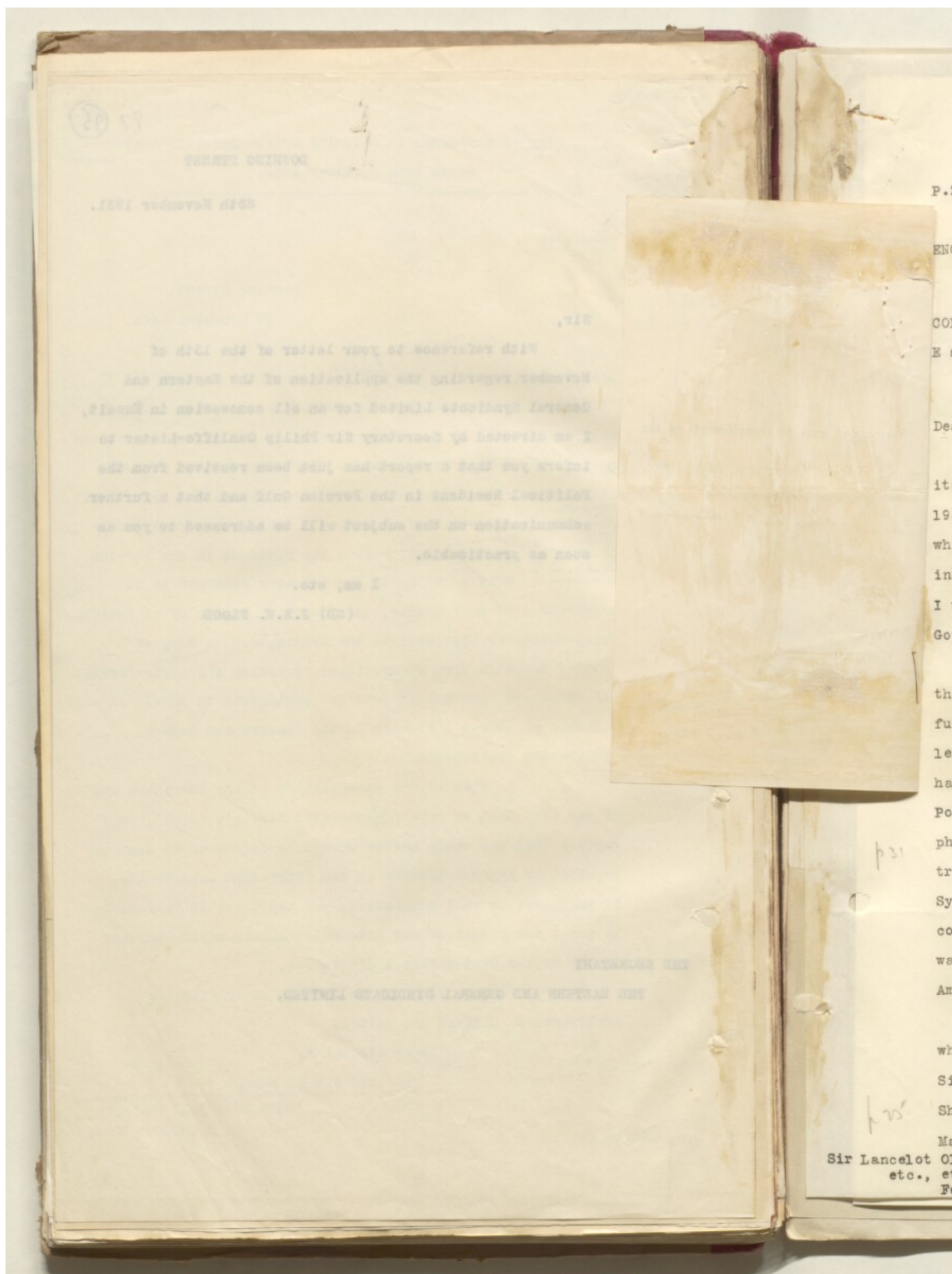
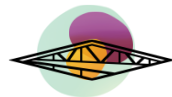
INDIA OFFICE,
WHITEHALL,
LONDON, S.W. 1.

COPY SENT TO Govt of India
by Sea Mail of 7.1.32

p 31

125

Sir Lancel
etc





P.Z.22/32.

ENCLOSURES IN FOREIGN OFFICE COVERING LETTER NO.E.6439/325/91
DATED 1ST JANUARY, 1932.

COPY.

E 6439/325/91.

EMBASSY OF THE
UNITED STATES OF AMERICA.

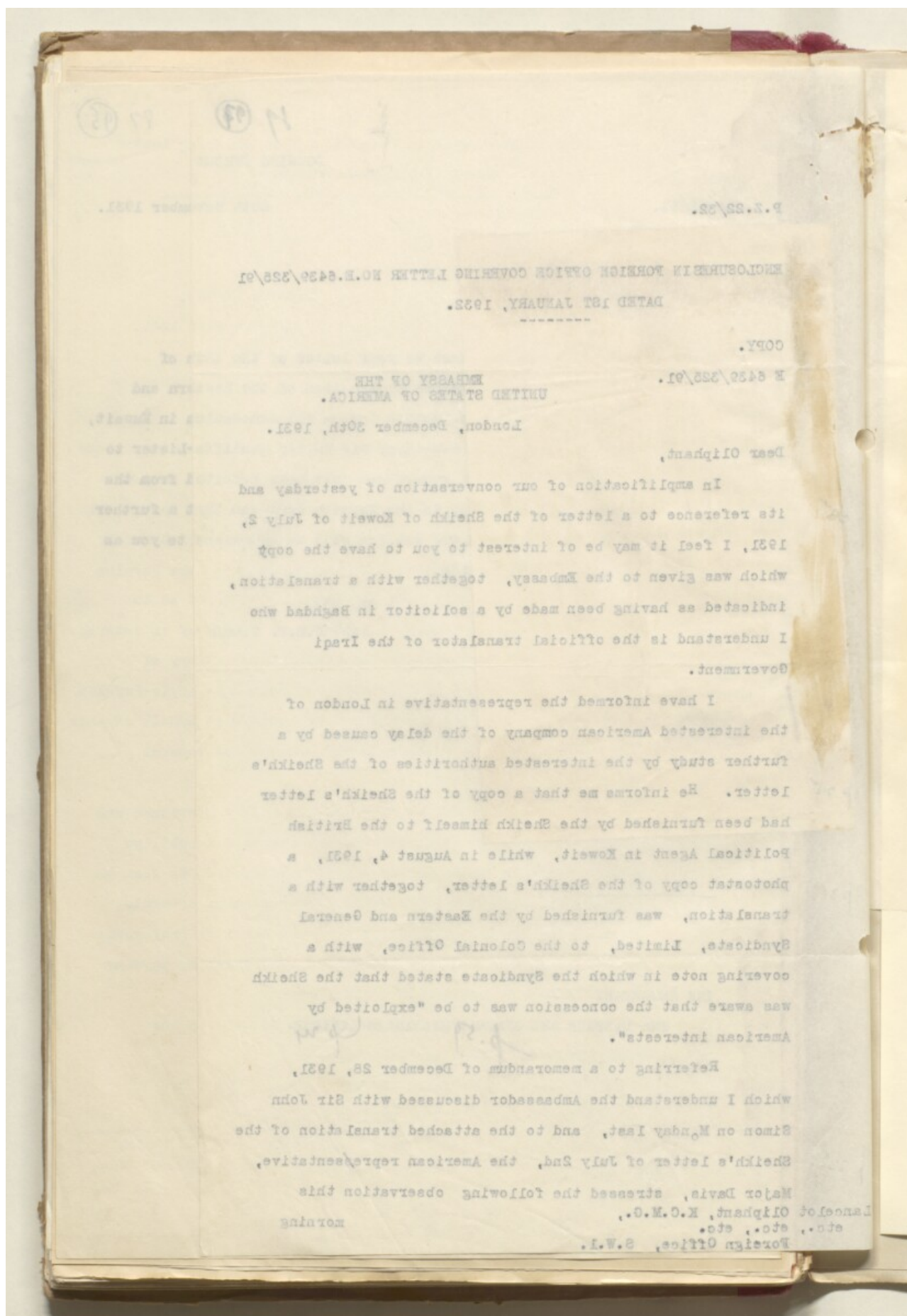
London, December 30th, 1931.

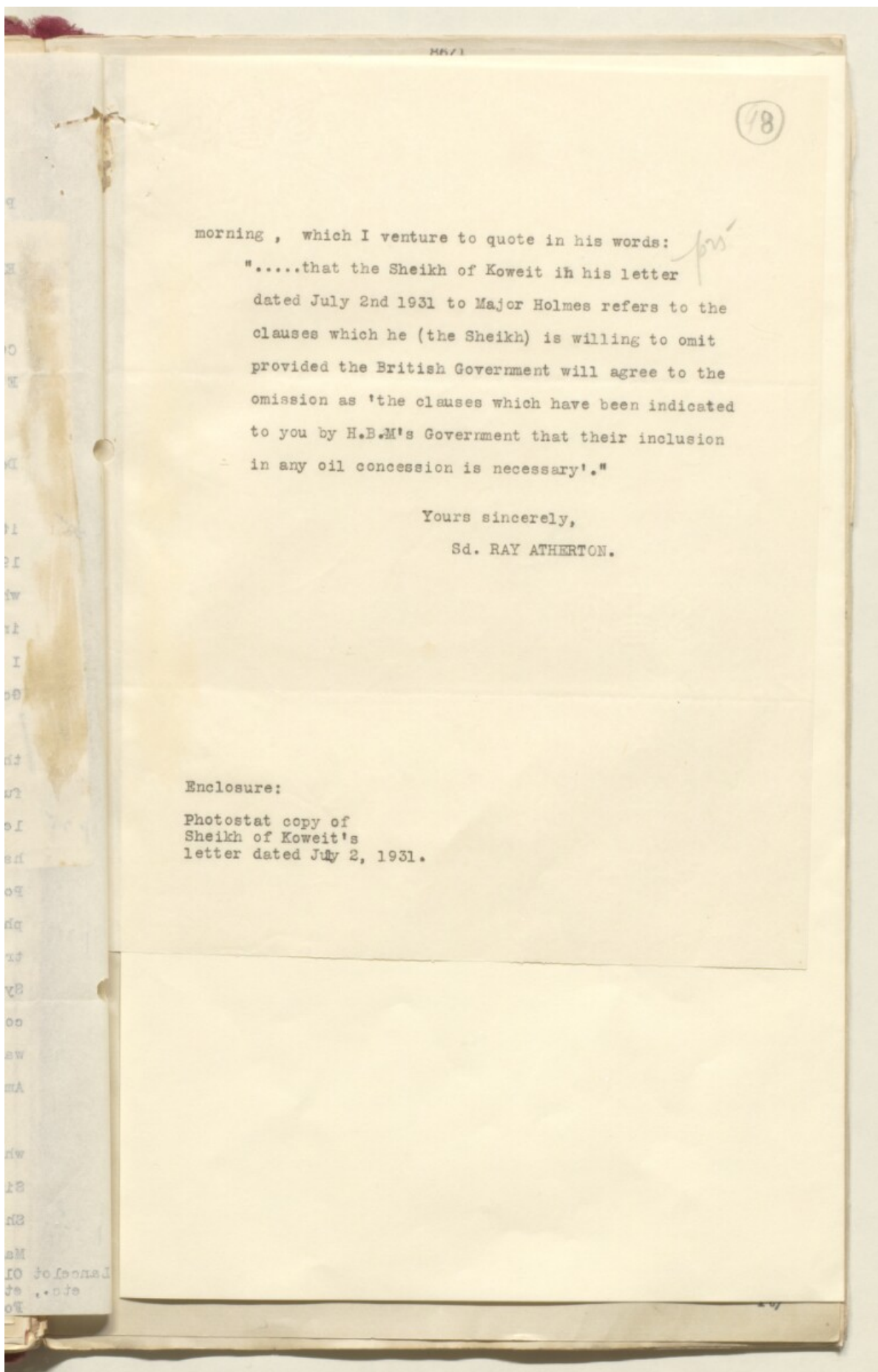
Dear Oliphant,

In amplification of our conversation of yesterday and its reference to a letter of the Sheikh of Koweit of July 2, 1931, I feel it may be of interest to you to have the copy which was given to the Embassy, together with a translation, indicated as having been made by a solicitor in Baghdad who I understand is the official translator of the Iraqi Government.

I have informed the representative in London of the interested American company of the delay caused by a further study by the interested authorities of the Sheikh's letter. He informs me that a copy of the Sheikh's letter had been furnished by the Sheikh himself to the British Political Agent in Koweit, while in August 4, 1931, a photostat copy of the Sheikh's letter, together with a translation, was furnished by the Eastern and General Syndicate, Limited, to the Colonial Office, with a covering note in which the Syndicate stated that the Sheikh was aware that the concession was to be "exploited by American interests".

Referring to a memorandum of December 28, 1931, which I understand the Ambassador discussed with Sir John Simon on Monday last, and to the attached translation of the Sheikh's letter of July 2nd, the American representative, Major Davis, stressed the following observation this morning
Sir Lancelot Oliphant, K.C.M.G.,
etc., etc., etc.
Foreign Office, S.W.1.



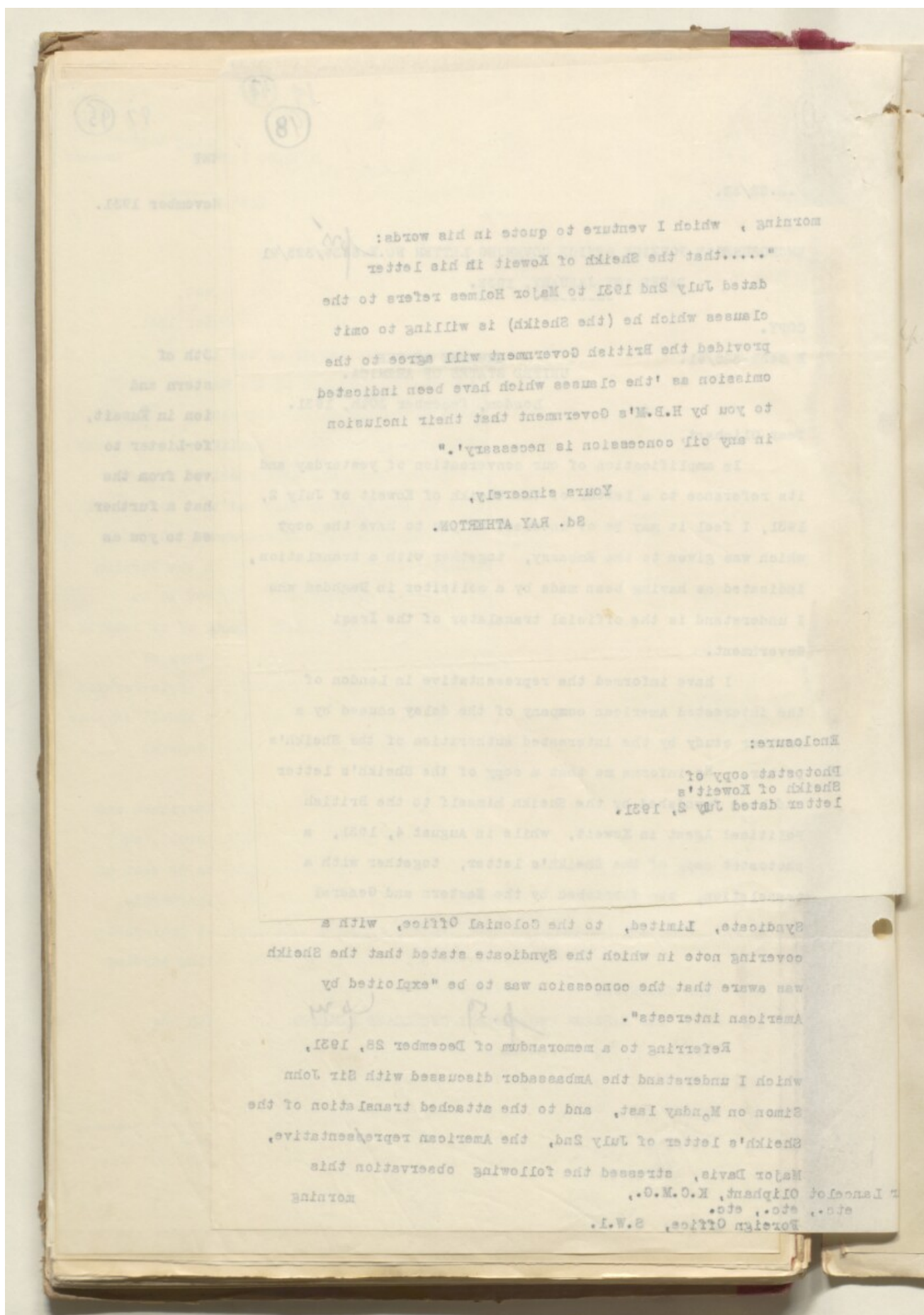


morning , which I venture to quote in his words: *ps*
".....that the Sheikh of Koweit in his letter
dated July 2nd 1931 to Major Holmes refers to the
clauses which he (the Sheikh) is willing to omit
provided the British Government will agree to the
omission as 'the clauses which have been indicated
to you by H.B.M's Government that their inclusion
in any oil concession is necessary'."

Yours sincerely,
Sd. RAY ATHERTON.

Enclosure:

Photostat copy of
Sheikh of Koweit's
letter dated July 2, 1931.





86/1

relegram XX.

From H.M.'s. Secretary of State for India, London.

To Government of India, Foreign and Political
Department, New Delhi, No. 384.

Repeated Political Resident, Bushire, No. 385.

Dated (and received) 3rd February 1932.

Important.

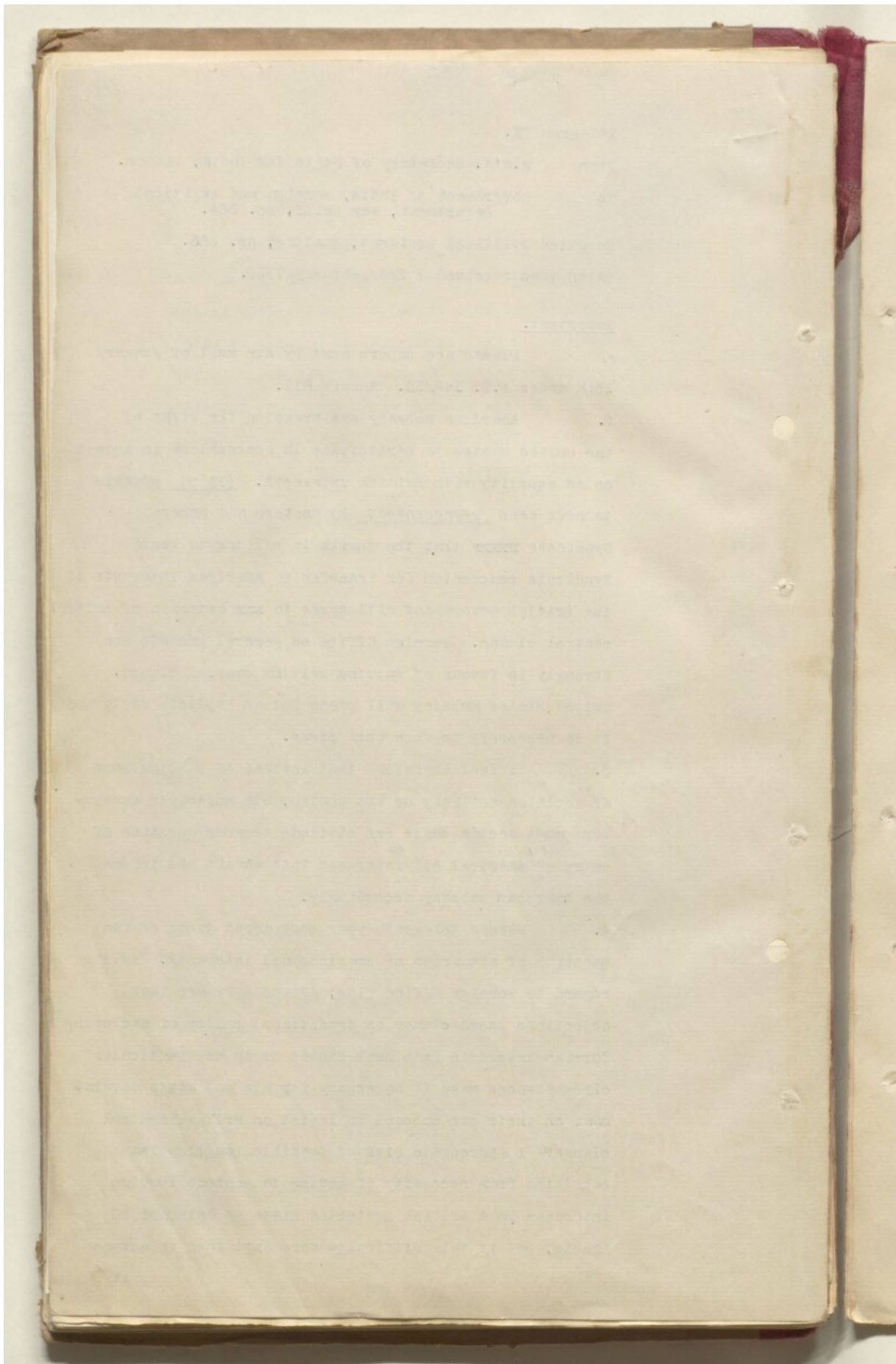
Sp. 59-78 (1000) Please see papers sent by air mail of January
15th under P.Z. 146/32. Kuwait Oil.

2. American Embassy are pressing for right of
the United States to participate in concessions in Kuwait
on an equality with British interests. (it ?) appears
to have been represented? by Eastern and General
Syndicate ~~XXXX~~ that the Shaikh is willing to grant
Syndicate concession for transfer to American interests if
the British Government will agree to ~~xxx~~ omission of British
control clause. Foreign Office on general grounds are
strongly in favour of waiving British control clause.
United States Embassy will press for an explicit reply and
it is necessary to face this issue.

3. I feel therefore that instead of placing onus
of decision entirely on the Shaikh, His Majesty's Govern-
ment must decide their own attitude towards question of
entry of American oil interests into Kuwait and inform
the American Embassy accordingly.

4. Please telegraph your considered views on the
question of admission of American oil interests. Having
regard to Foreign Office view, do you consider that
objections based either on traditional policy of excluding
foreign interests from Arab States or on any particular
circumstances make it necessary for His Majesty's Govern-
ment on their own account to insist on British control
clause? I appreciate risk of possible complications
resulting from necessity of having to protect foreign
interests in a British protected state on mainland of
Arabia, but if this difficulty were explained in advance

it/





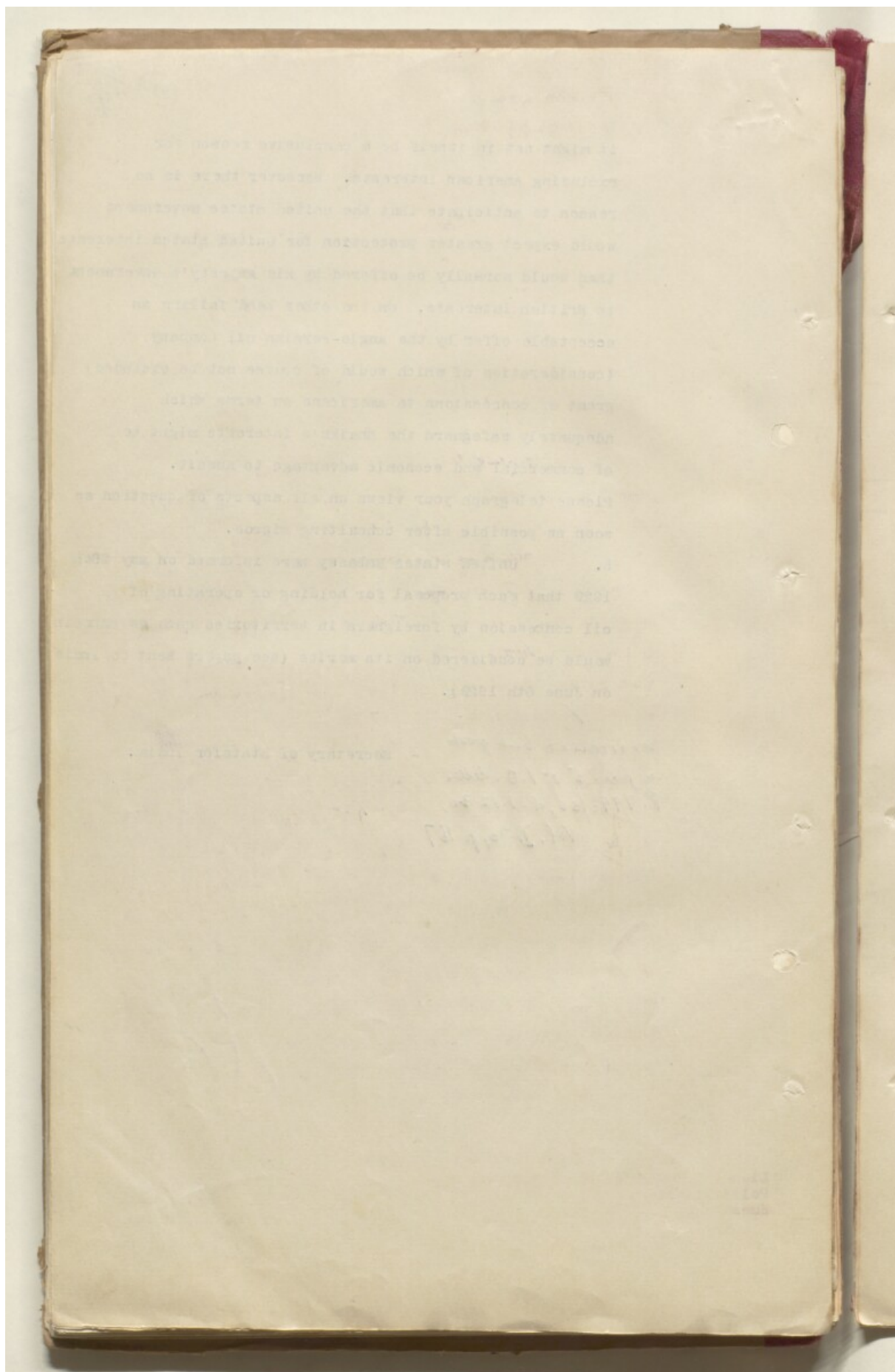
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it might not in itself be a conclusive reason for excluding American interests. moreover there is no reason to anticipate that the United States Government would expect greater protection for United States interests than would normally be offered by His Majesty's Government to British interests. On the other hand failing an acceptable offer by the Anglo-Persian Oil Company (consideration of which would of course not be excluded) grant of concessions to Americans on terms which adequately safeguard the Shaikh's interests might be of commercial and economic advantage to Kuwait. Please telegraph your views on all aspects of question as soon as possible after consulting Miscoe.

5. United States Embassy were informed on May 29th 1929 that each proposal for holding or operating of oil concession by foreigners in territories such as Bahrain would be considered on its merits (see papers sent to India on June 6th 1929).

*not received but got
in para 5 of I.O. letter
P. 7993/30, d. 1.12.30,
Vol. D-73, p. 167*

- Secretary of State for India.





Confidential.

D.O. No. 43-8 of 1932.

British Residency and Consulate-General,

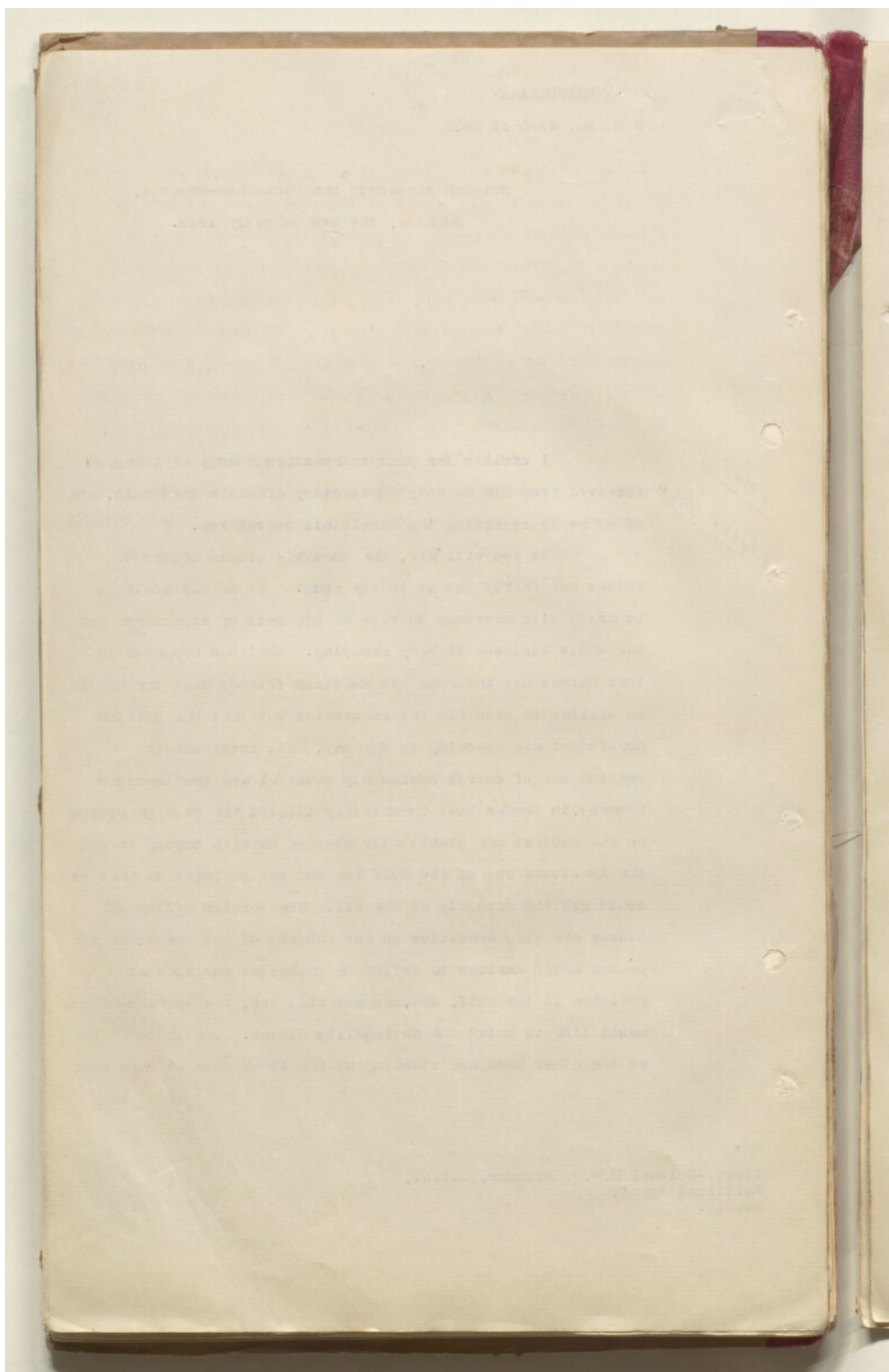
Bushire, the 5th February 1932.

I enclose for your information a copy of telegram received from His Majesty's Secretary of State for India, and of my reply regarding the Kuwait oil concession.

As you will see, the Shaikh's stupid letter to Holmes has fairly put us in the soup. It is difficult to be angry with Greenway in view of his lack of experience but the whole business is very annoying. What has happened is that Holmes has informed his American friends that the Shaikh is willing to give him the concession but that the British Government are standing in the way. Oil interests in America are of course enormously powerful and the American Embassy in London have immediately tackled the Foreign Office on the subject and practically charged us with trying to get the Americans out of the Gulf for our own purposes so that we could get the monopoly of the oil. The Foreign Office of course are very sensitive on the subject of the Americans and we are never anxious to define or emphasise our special position in the Gulf, and, as you will see, the Foreign Office would like to waive the Nationality Clause. The India Office on the other hand are standing up for it as much as they can,

but/

Lieut.-Colonel H.K.P. Dickson, C.I.E.,
Political Agent,
Kuwait.





-2-

(102) 97
94

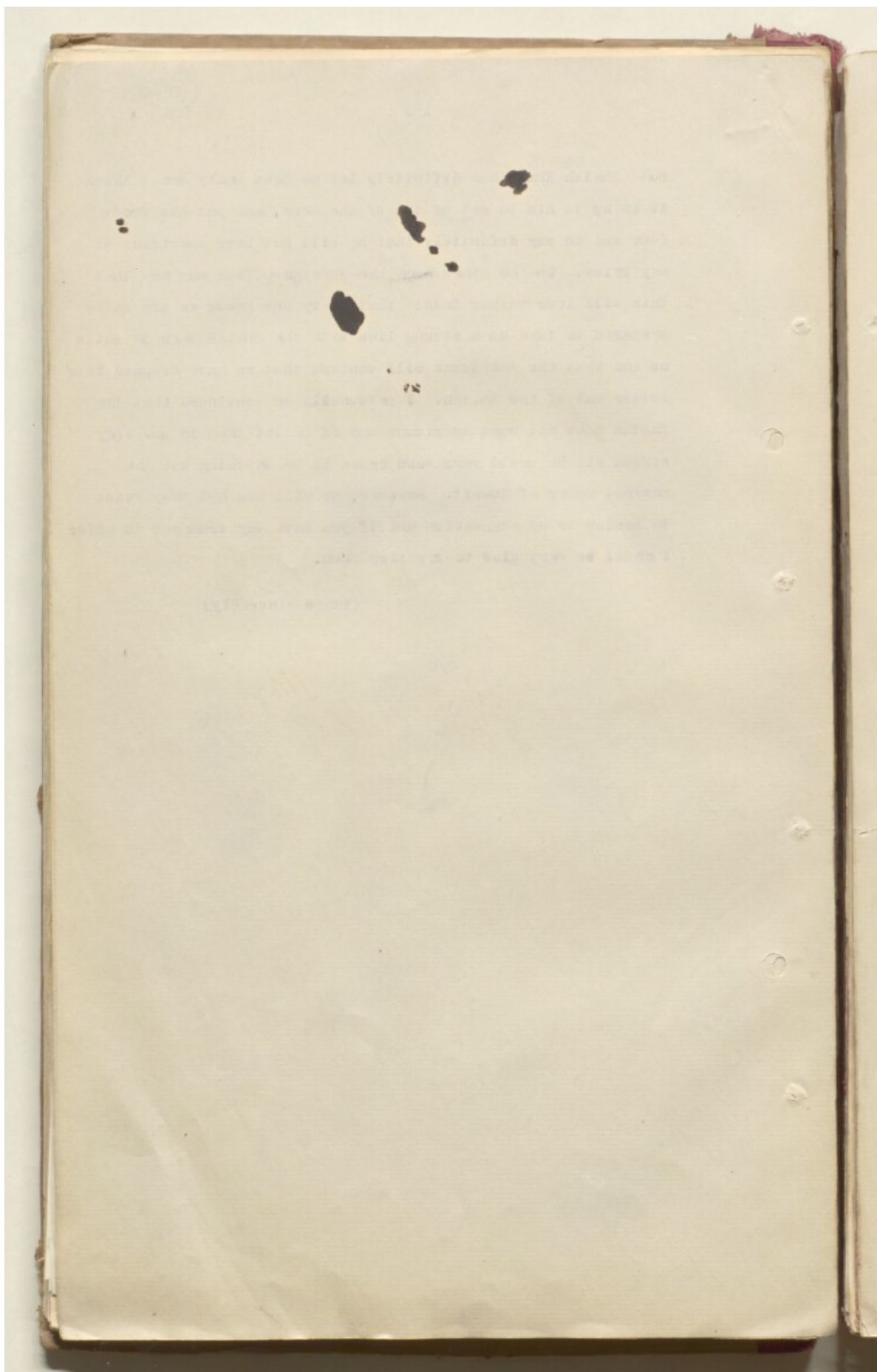
but Shaikh Ahmad has definitely let us down badly and I think it is up to him to get us out of the mess, and put his foot down and to say definitely that he will not have Americans at any price. On the other hand the Foreign Office may say that this will look rather thin: that every one knows we are quite prepared to take up a strong line with the Shaikh when it suits us and that the Americans will contend that we have dragged this letter out of the Shaikh. I personally am convinced that the Shaikh does not want Americans and if he let them in and they struck oil he would very soon cease to be anything but the nominal ruler of Kuwait. However, we will see how they react in London to my suggestion and if you have any comments to offer I shall be very glad to consider them.

(Yours sincerely)

O/C

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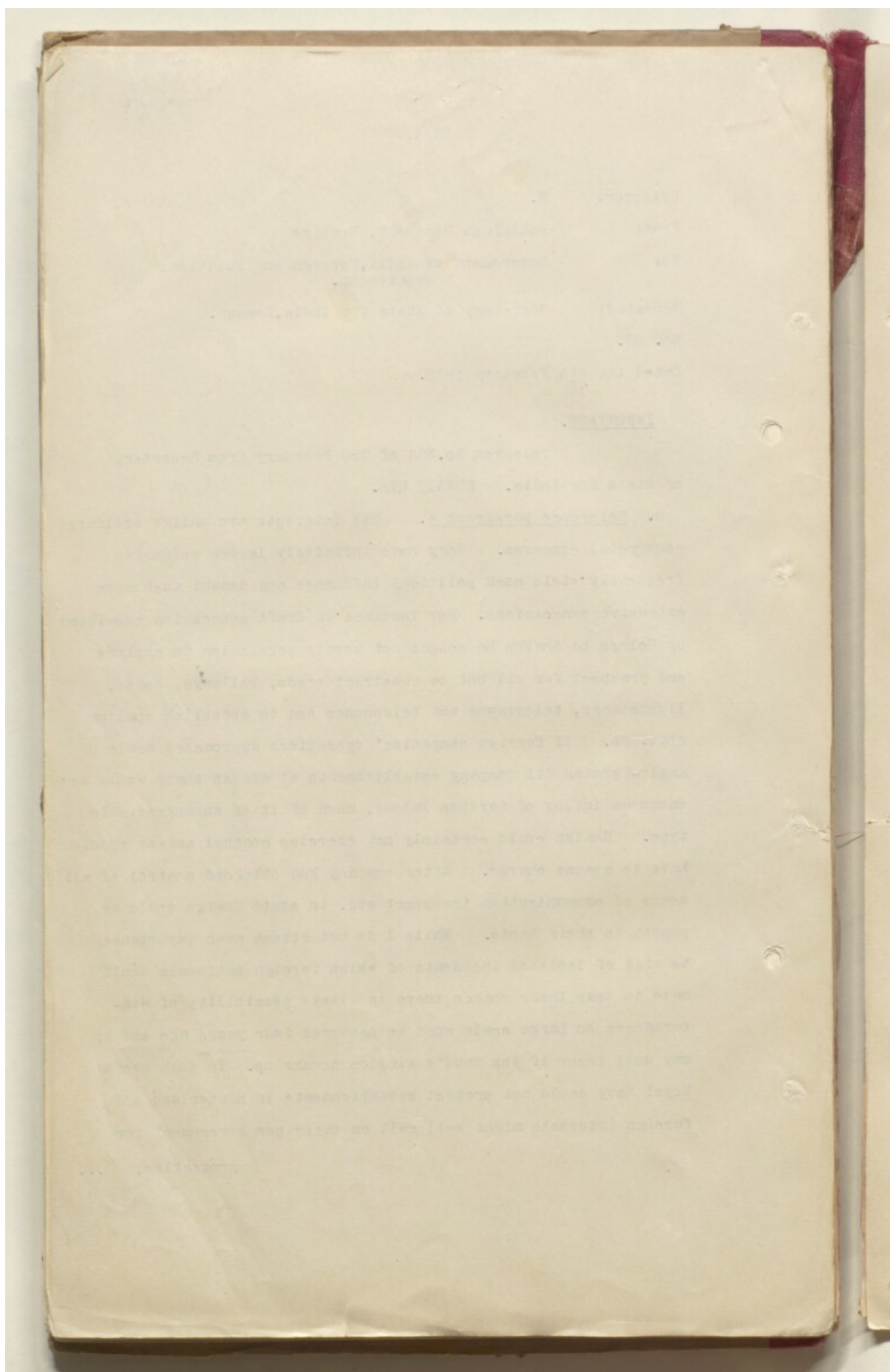
86/1.

Telegram: R.
From: Political Resident, Bushire
To: Government of India, Foreign and Political
Department.
Repeated: Secretary of State for India, London.
No. 93.
Dated the 6th February 1932.

IMPORTANT.

Telegram No. 384 of 3rd February from Secretary
of State for India. KUWAIT OIL.

2. Reference paragraph 4. Oil interests are unlike ordinary commercial concerns. They have infinitely larger resources frequently wield much political influence and demand much more extensive concessions. For instance in draft concession submitted by Holmes to Shaikh he sought not merely permission to explore and prospect for oil but to construct roads, railways, ports, lighthouses, telegraphs and telephones and to establish coaling stations. If foreign companies' operations approached scale of Anglo-Persian Oil Company establishments at Abadan there would be enormous influx of foreign labour, much of it of an undesirable type. Shaikh could certainly not exercise control and we should have to assume charge. After company had obtained control of all means of communication transport etc. in state Shaikh would be puppet in their hands. While I do not attach much importance to risk of isolated incidents of which foreign nationals would have to take their chance there is always possibility of disturbances on large scale such as occurred four years ago and as may well recur if Ibn Saud's kingdom breaks up. In such event Royal Navy could not protect establishments in hinterland and foreign interests might well call on their own government for protection, ...





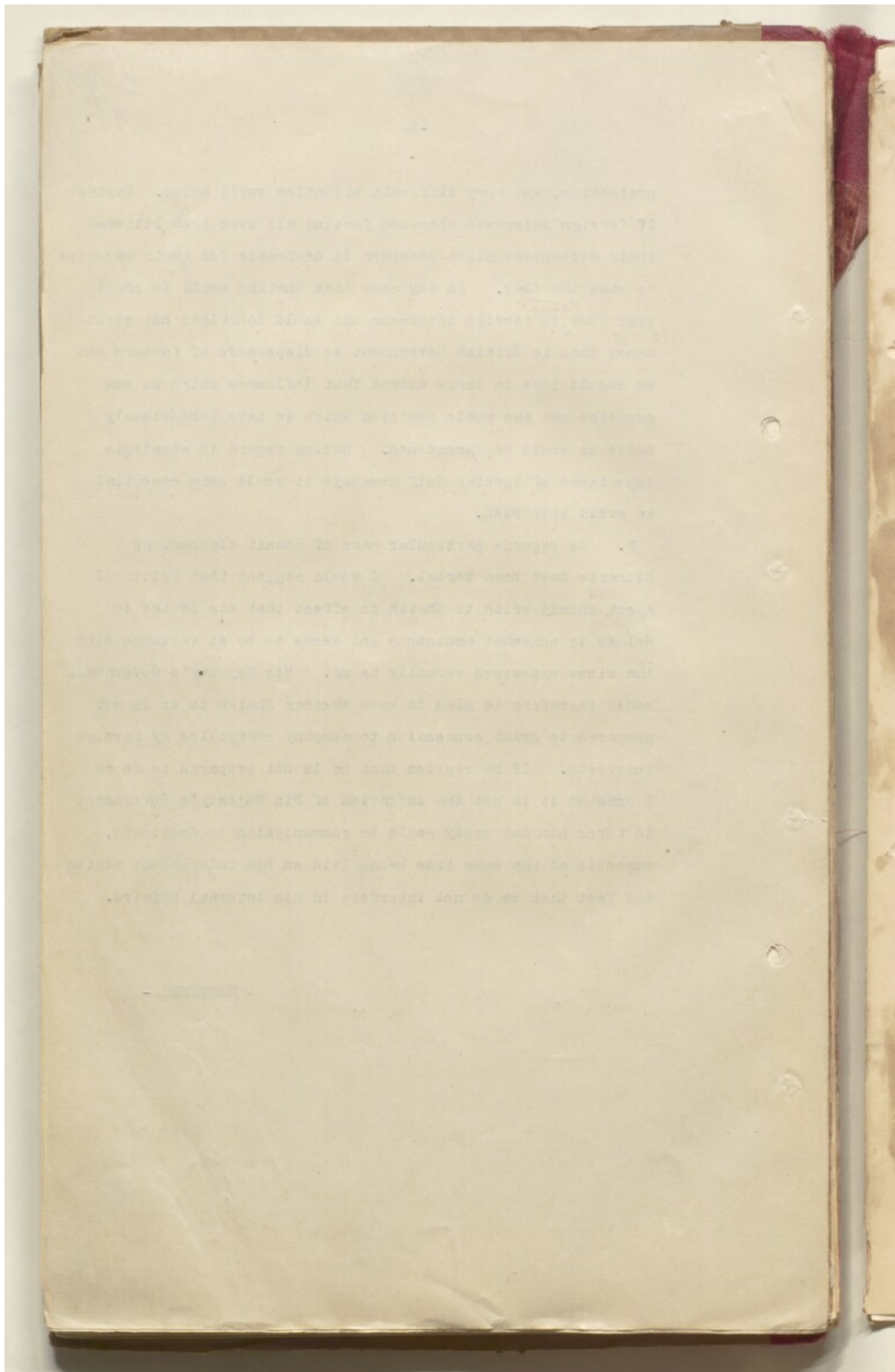
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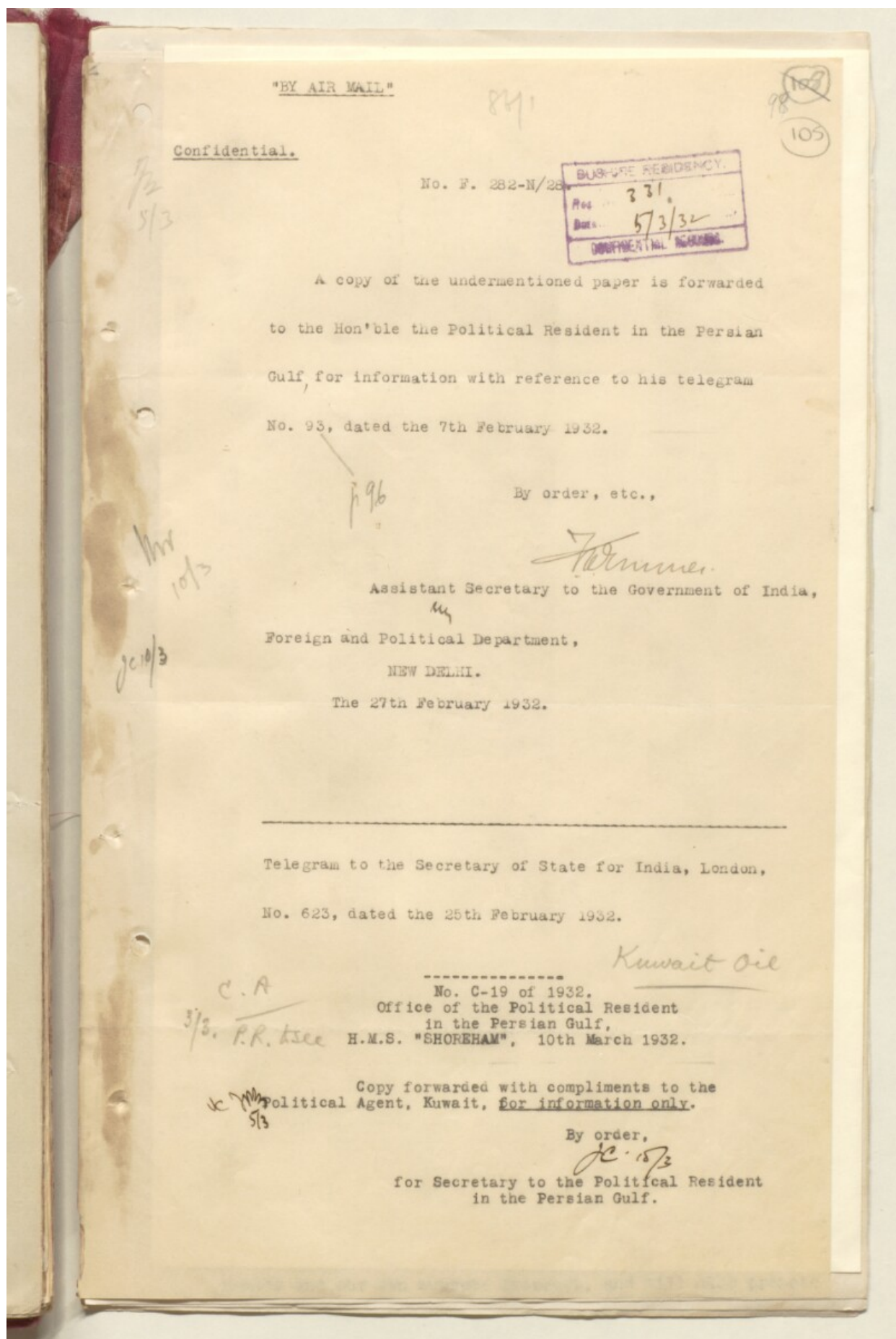
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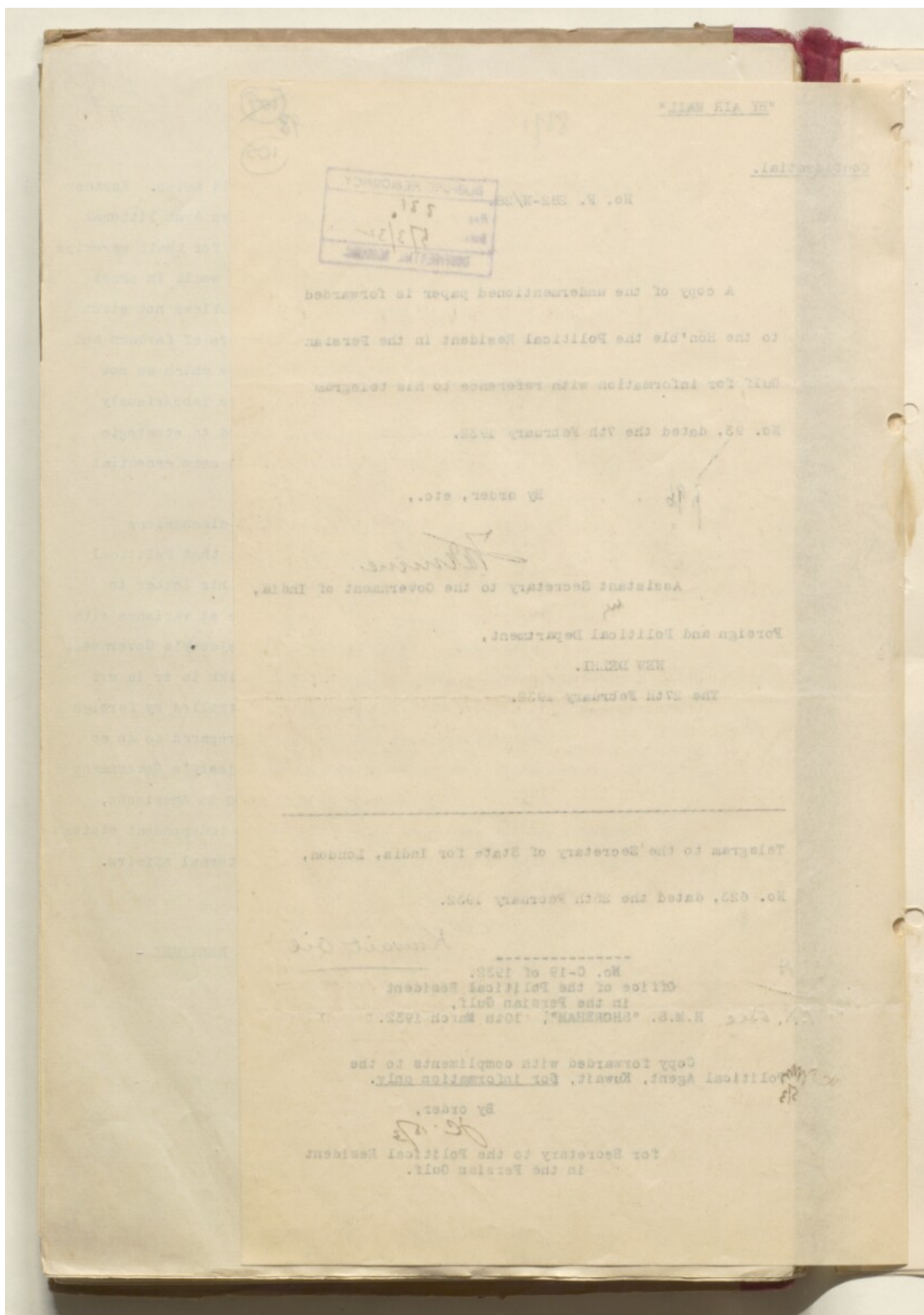
protection, and very difficult situation would arise. Further if foreign interests obtained footing all down Arab littoral their Government might consider it desirable for their warships to show the flag. In any case Arab Shaikhs would in short time look ^{rather} to foreign interests who would doubtless not stint money than to British Government as dispensers of favours and we should lose to large extent that influence which we now exercise and the whole position which we have laboriously built up would be threatened. Having regard to strategic importance of Persian Gulf nowadays it would seem essential to avoid this risk.

3. As regards particular case of Kuwait discussions hitherto have been verbal. I would suggest that Political Agent should write to Shaikh to effect that his letter to Holmes is somewhat ambiguous and seems to be at variance with the views expressed verbally to me. His Majesty's Government would therefore be glad to know whether Shaikh is or is not prepared to grant concession to company controlled by foreign interests. If he replies that he is not prepared to do so I presume it is not the intention of His Majesty's Government to force him and reply could be communicated to Americans, emphasis at the same time being laid on his independent status and fact that we do not interfere in his internal affairs.

- RESIDENT -









623.

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Telegram XX., No. 623, dated 25th February 1932.

From Viceroy (F. & P. Deptt.), New Delhi.

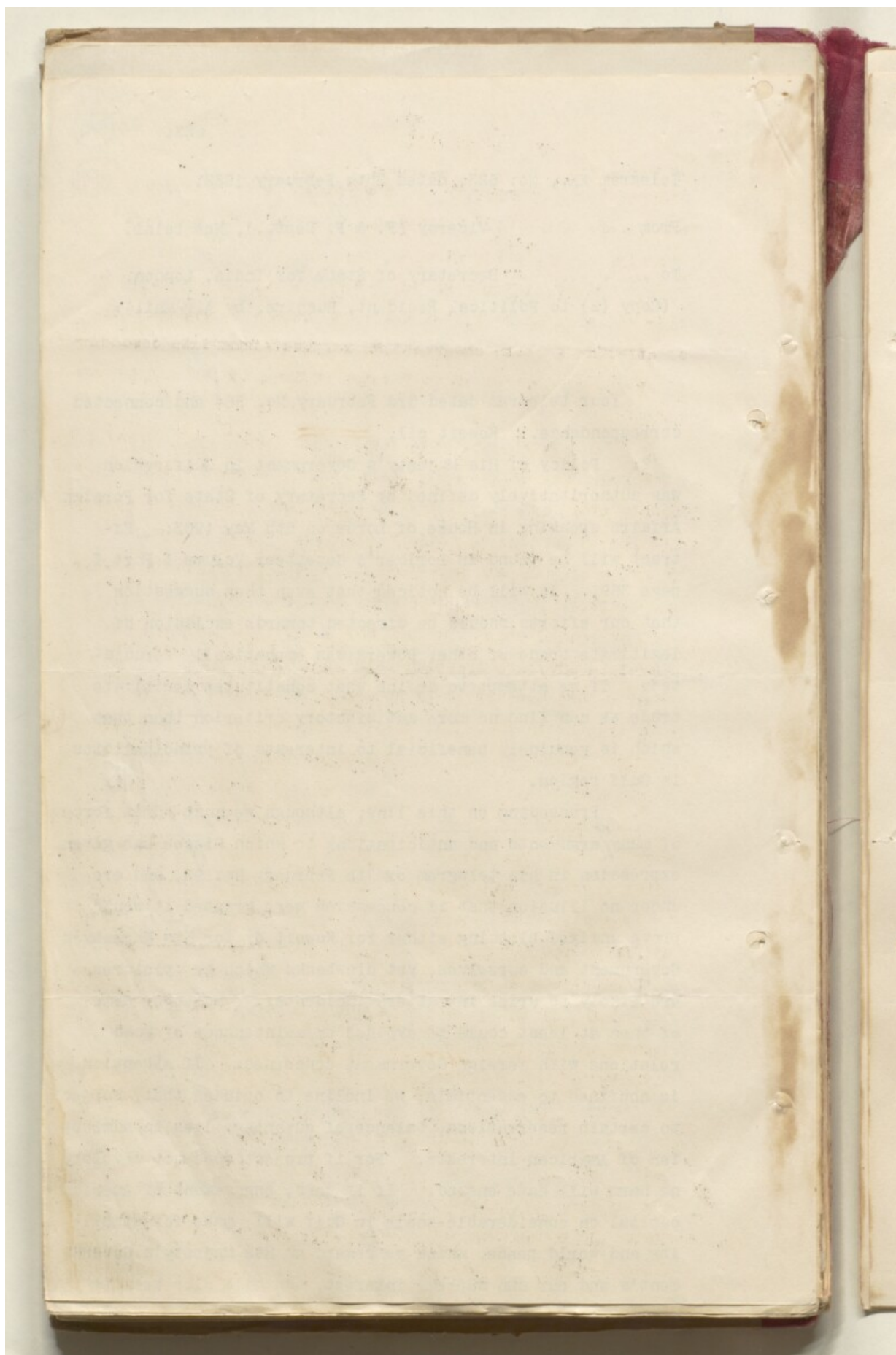
To Secretary of State for India, London.

(Copy (2) to Political Resident, Bushire, by Air Mail).

Your telegram dated 3rd February No. 384 and connected correspondence. Koweit oil.

2. Policy of His Majesty's Government in Gulf region was authoritatively defined by Secretary of State for Foreign Affairs speaking in House of Lords on 5th May 1903. Extract will be found in Lorimer's Gazetteer Volume I Part I page 369. It will be noticed that even then suggestion that our efforts should be directed towards exclusion of legitimate trade of other Powers was emphatically repudiated. If we attempt to define what constitutes legitimate trade we can find no more satisfactory criterion than that which is genuinely beneficial to interests of principalities in Gulf region.

3. Proceeding on this line, although we must admit force of many arguments and anticipations to which Biscoe has given expression in his telegram of 7th February No. 93, and are under no illusion that if concession were granted it would prove unmixed blessing either for Koweit or for His Majesty's Government and ourselves, yet drawbacks which he pictures are likely to arise in matters incidental. Moreover some of them at least could be avoided by maintenance of good relations with foreign Government concerned. If attention is confined to essentials, we incline to opinion that, subject to certain reservations, balance of advantage lies in admission of American interests. For if project does not develop, no harm will have ensued. If it does, engagement of American capital on considerable scale in Gulf will make for stability and world peace, which we regard as His Majesty's Government's and our own supreme interest, and will also promote





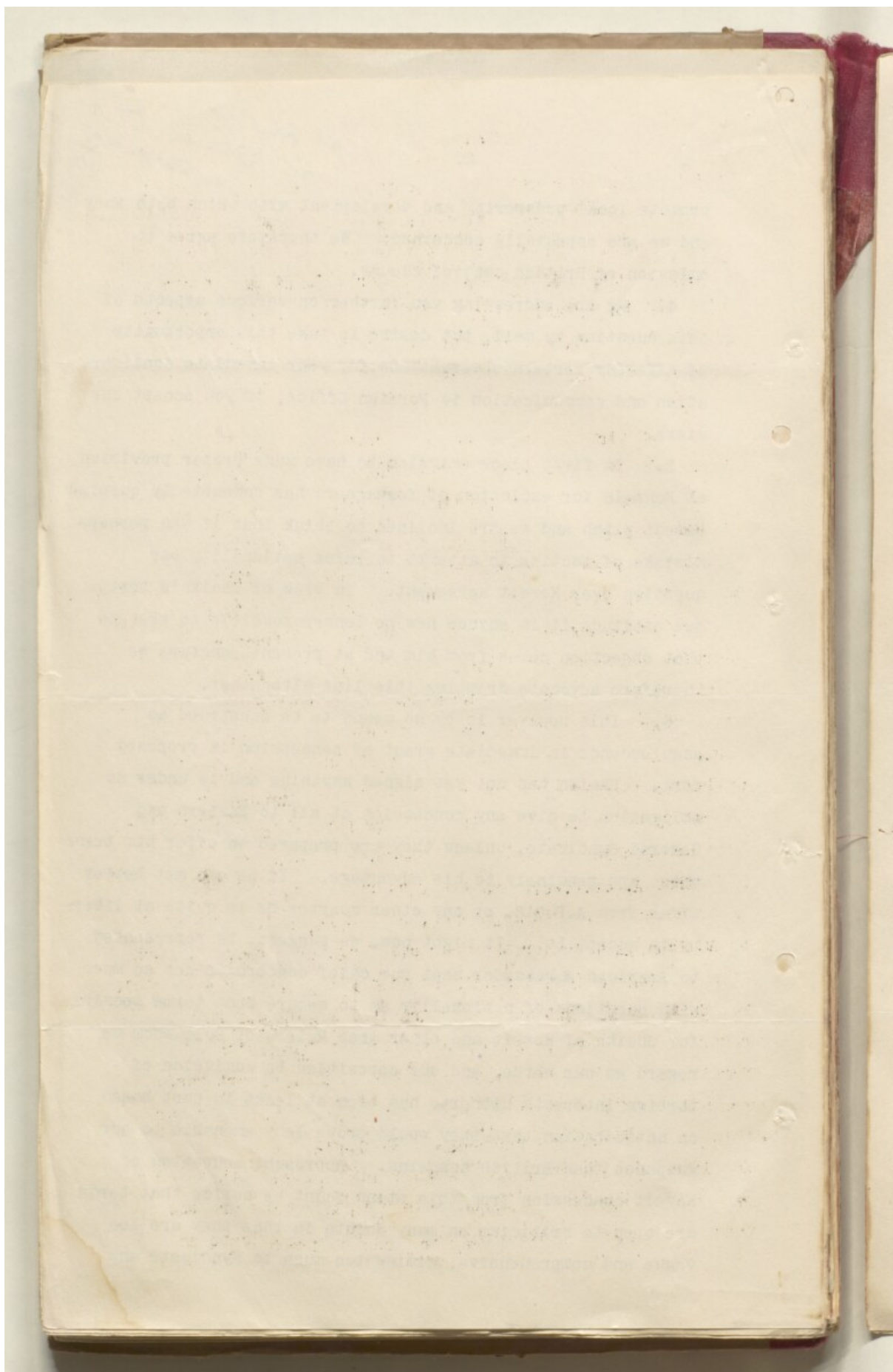
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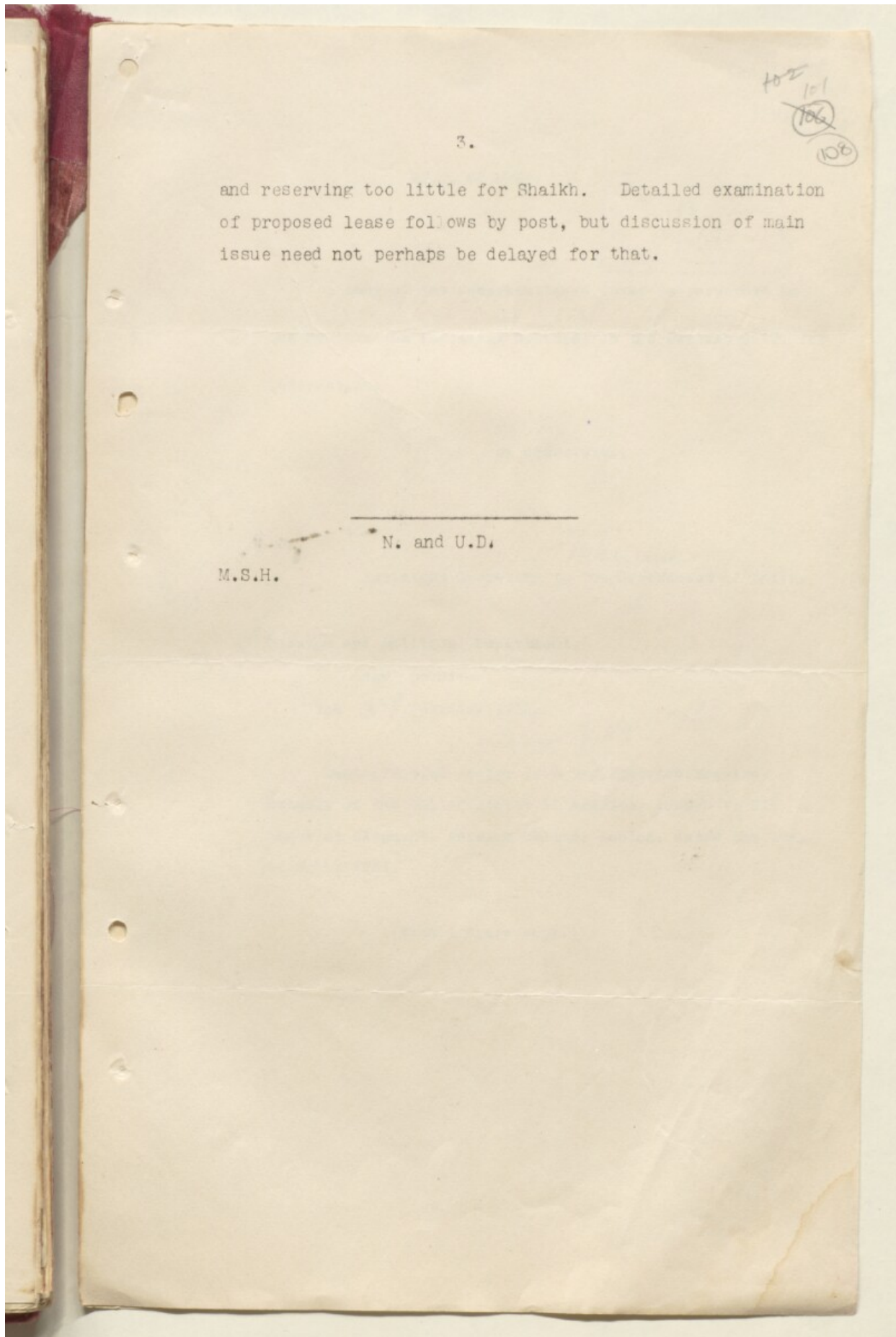
promote local prosperity and development with which both they and we are especially concerned. We therefore agree to omission of British control clause.

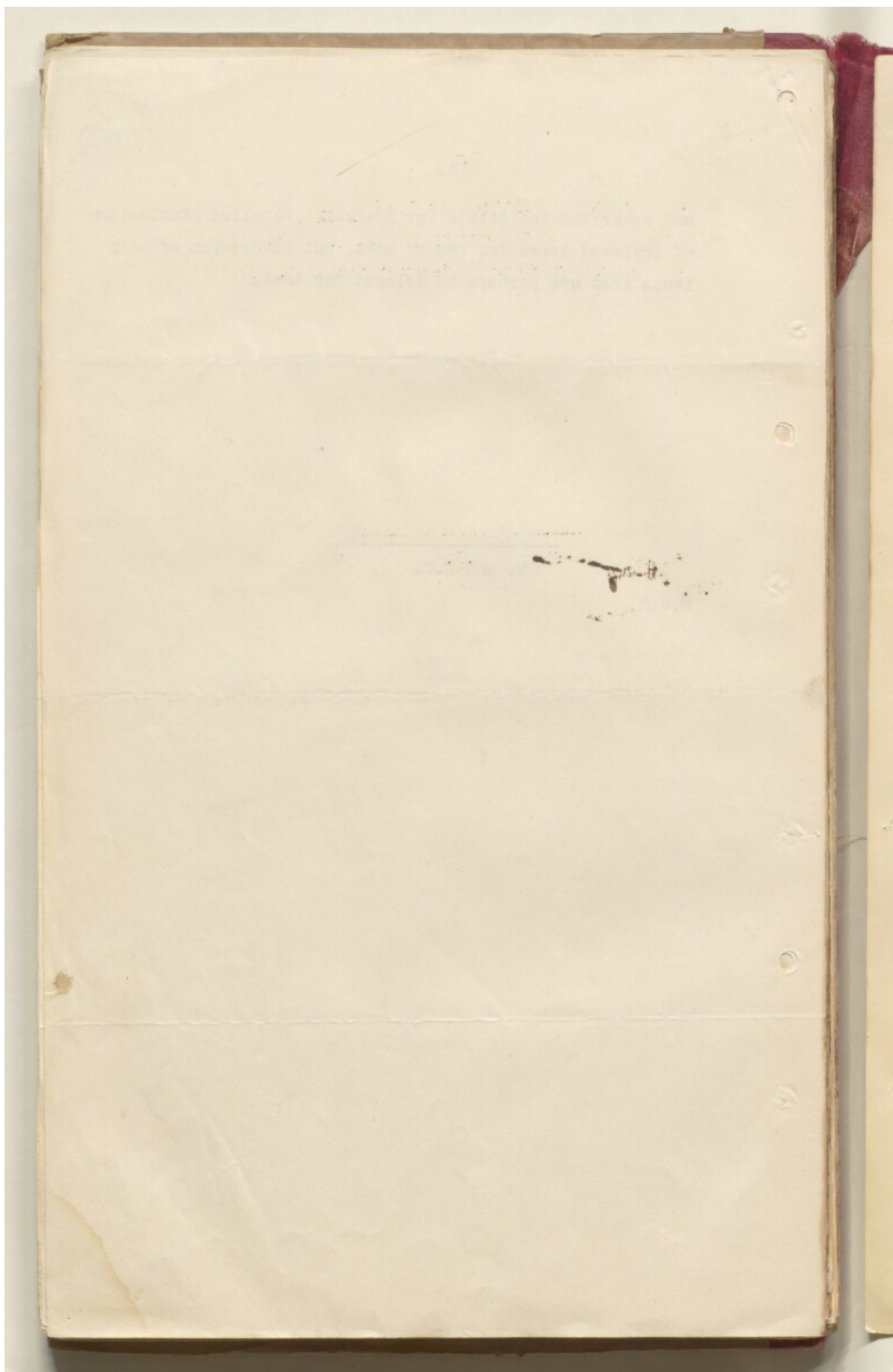
4. We are addressing you further on various aspects of this question by mail, but desire to take this opportunity of offering certain observations for your immediate consideration and communication to Foreign Office, if you accept our views.

5. In first place omission to have made proper provision at Bahrain for exclusion of foreigners has undoubtedly queered Koweit pitch and we are inclined to think that it was perhaps mistake of tactics to attempt to raise nationality bar question over Koweit agreement. In view of Shaikh's tortuous attitude it is anyhow now no longer possible to pretend that objection comes from him and at present juncture we therefore advocate dropping this line altogether.

6. This however is by no means to be construed as acquiescence in immediate grant of concession in proposed form. Shaikh has not yet signed anything and is under no obligation to give any concession at all to Eastern and General Syndicate, unless they are prepared to offer him terms which are genuinely to his advantage. If he can get better offer from A.P.O.C. or any other quarter he is quite at liberty to accept it. It might now, we suggest, be represented to American Ambassador that our chief concern is not so much with questions of nationality as to secure best terms possible for Shaikh of Koweit and other Arab Rulers of Gulf whom we regard as our wards, and our opposition to admission of foreign interests hitherto has been at least in part based on anticipation that they would prove less amenable to our guidance than British concerns. Approaching question of Koweit concession from this stand point we notice that terms are open to criticism on many points in that they are too vague and comprehensive, giving too much to Syndicate and









74/1

Confidential.

No.F.282-N/28.

193
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CONFIDENTIAL

A copy of the undermentioned paper is forwarded to the Hon'ble the Political Resident in the Persian Gulf, for information.

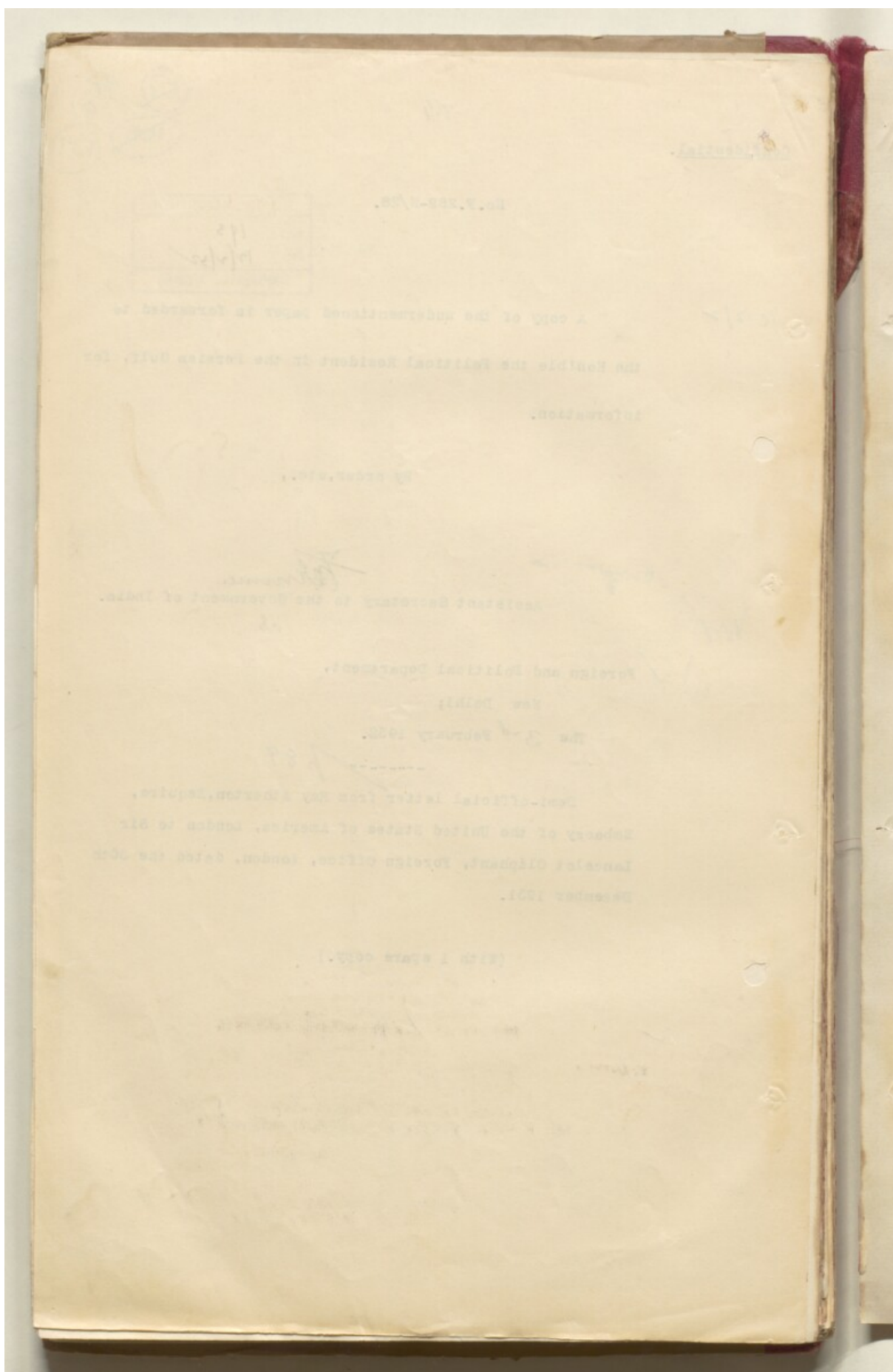
By order, etc.,

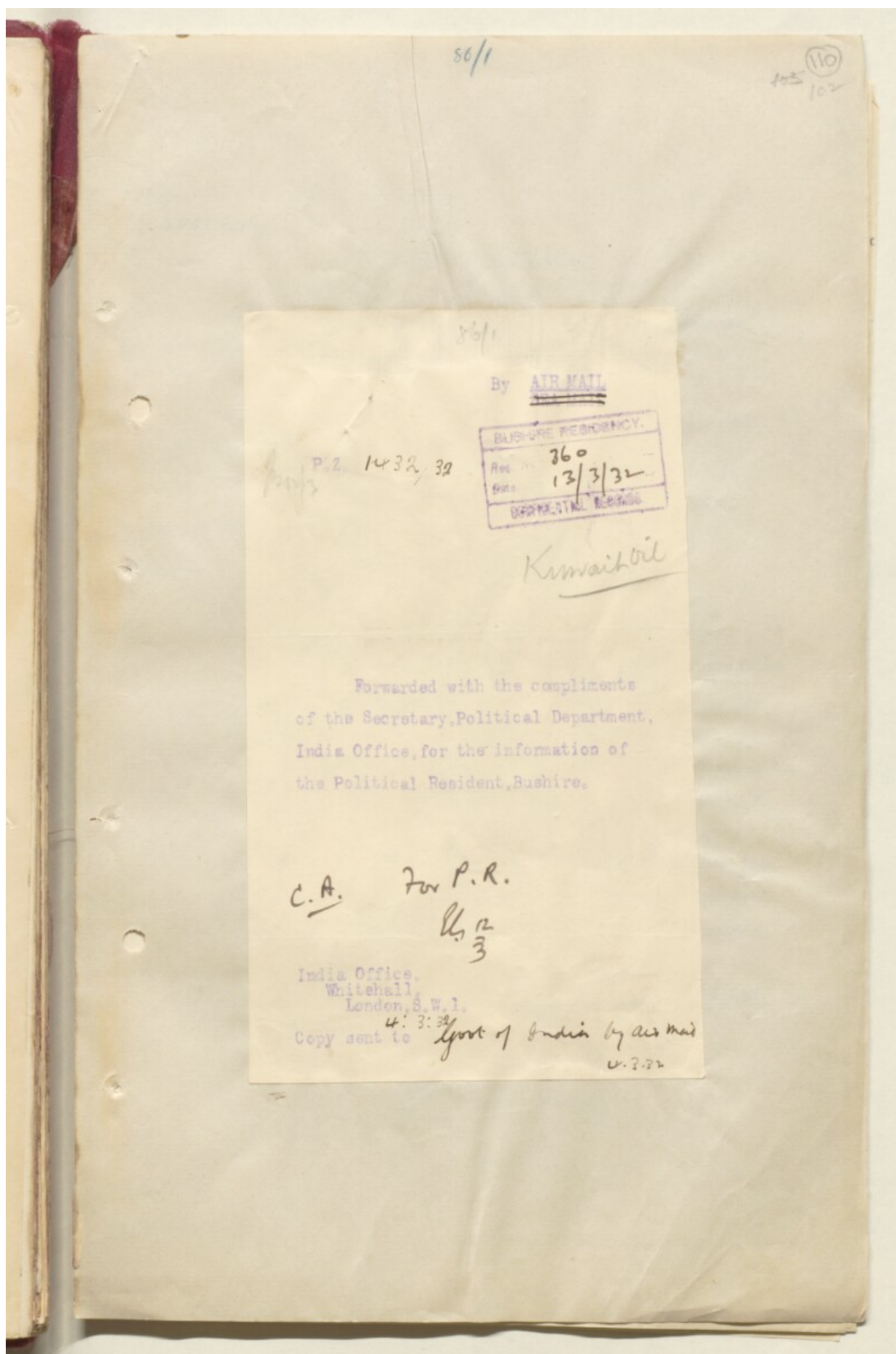
W. M. M. M.
Assistant Secretary to the Government of India.

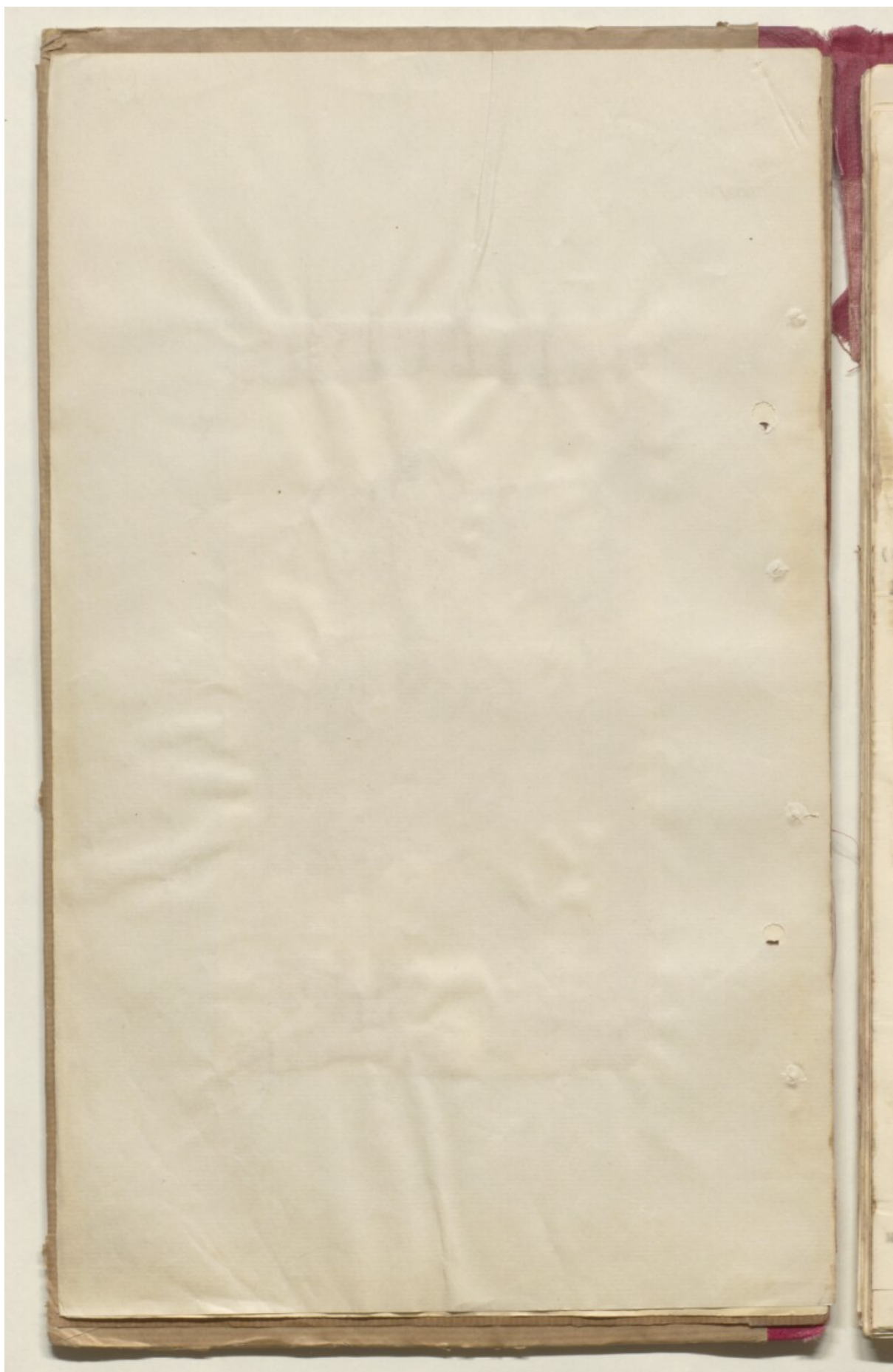
Foreign and Political Department,
New Delhi;
The 3rd February 1932.

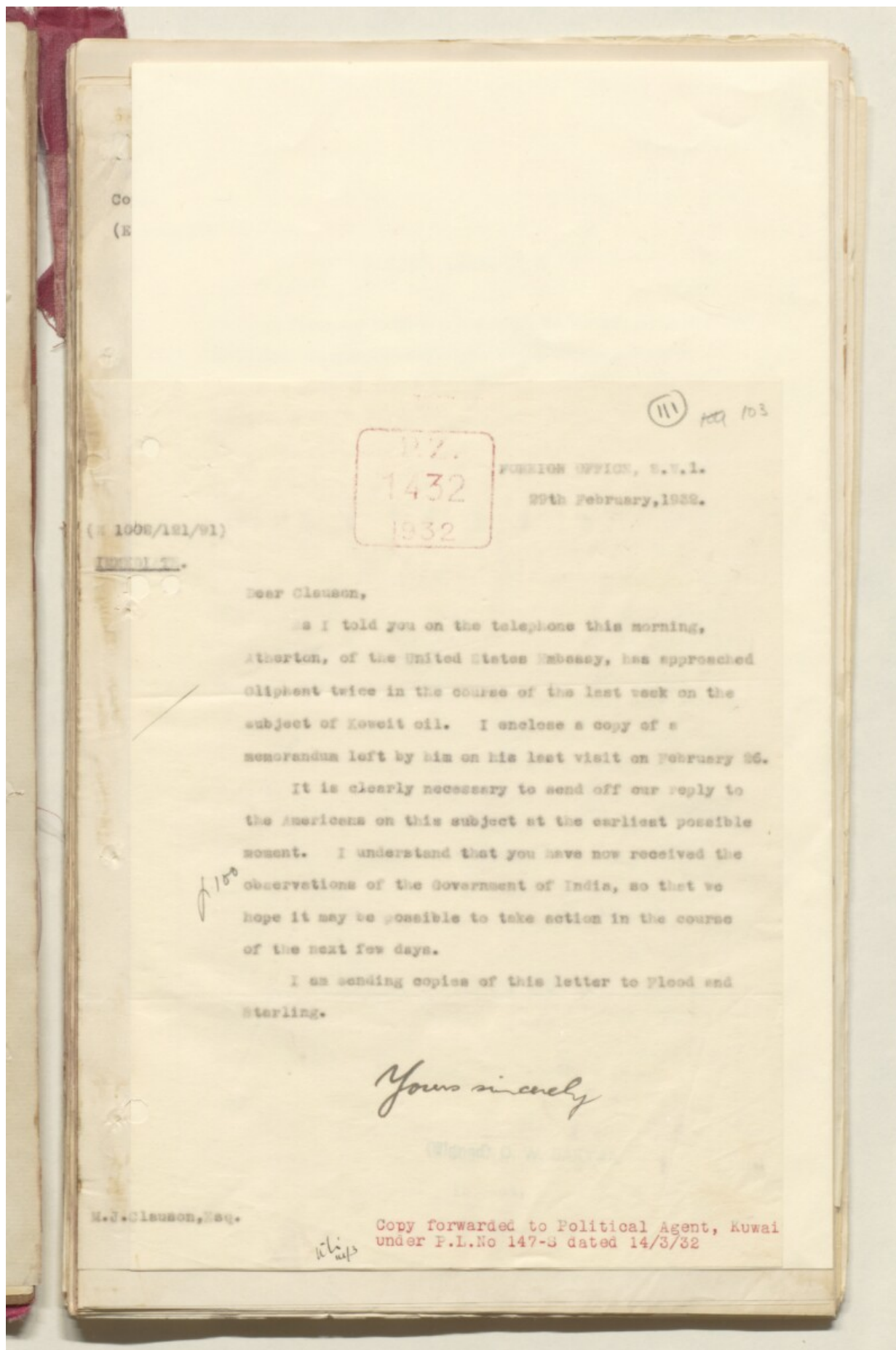
Demi-official letter from Ray Atherton, Esquire,
Embassy of the United States of America, London to Sir
Lancelot Oliphant, Foreign Office, London, dated the 30th
December 1931.

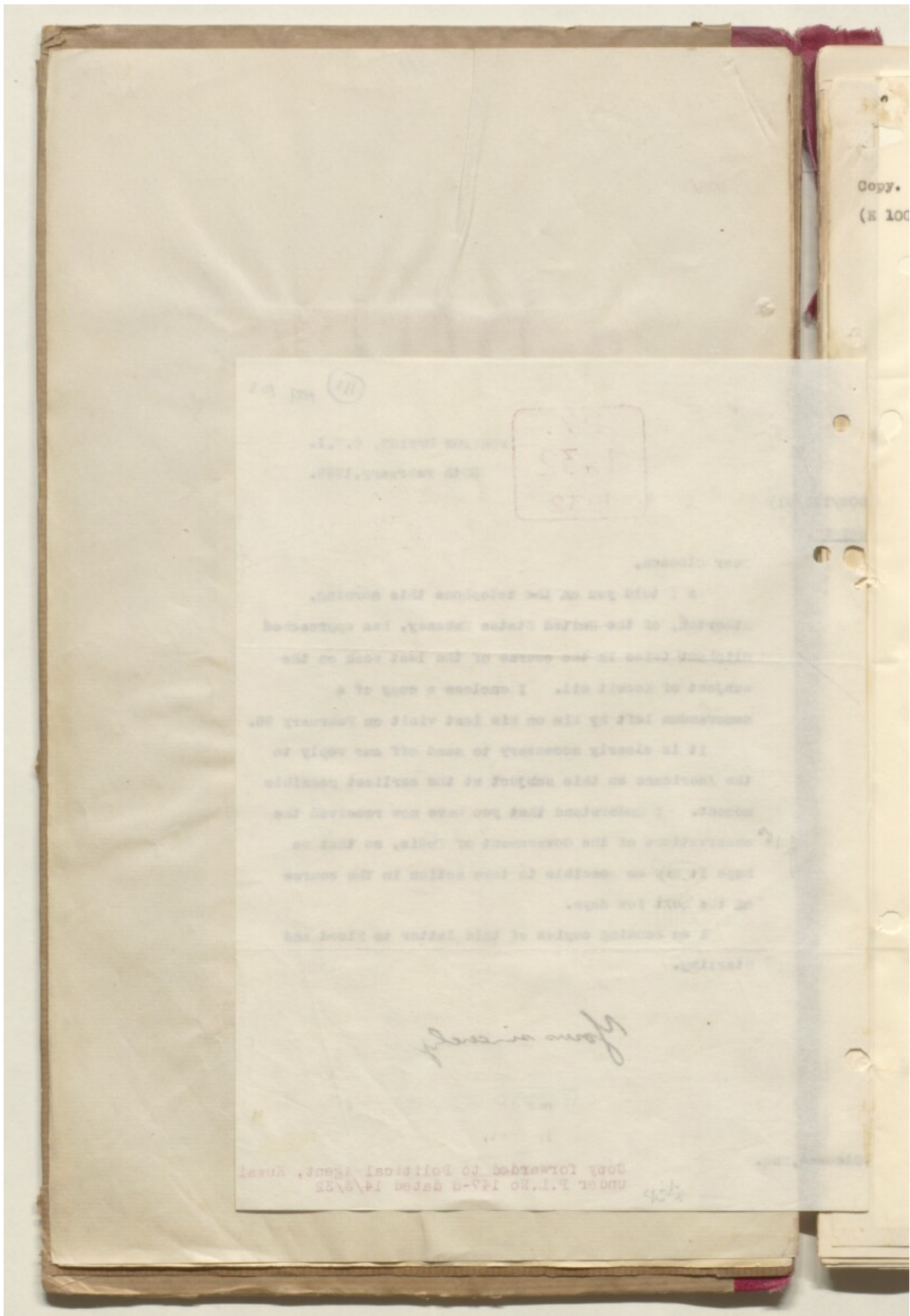
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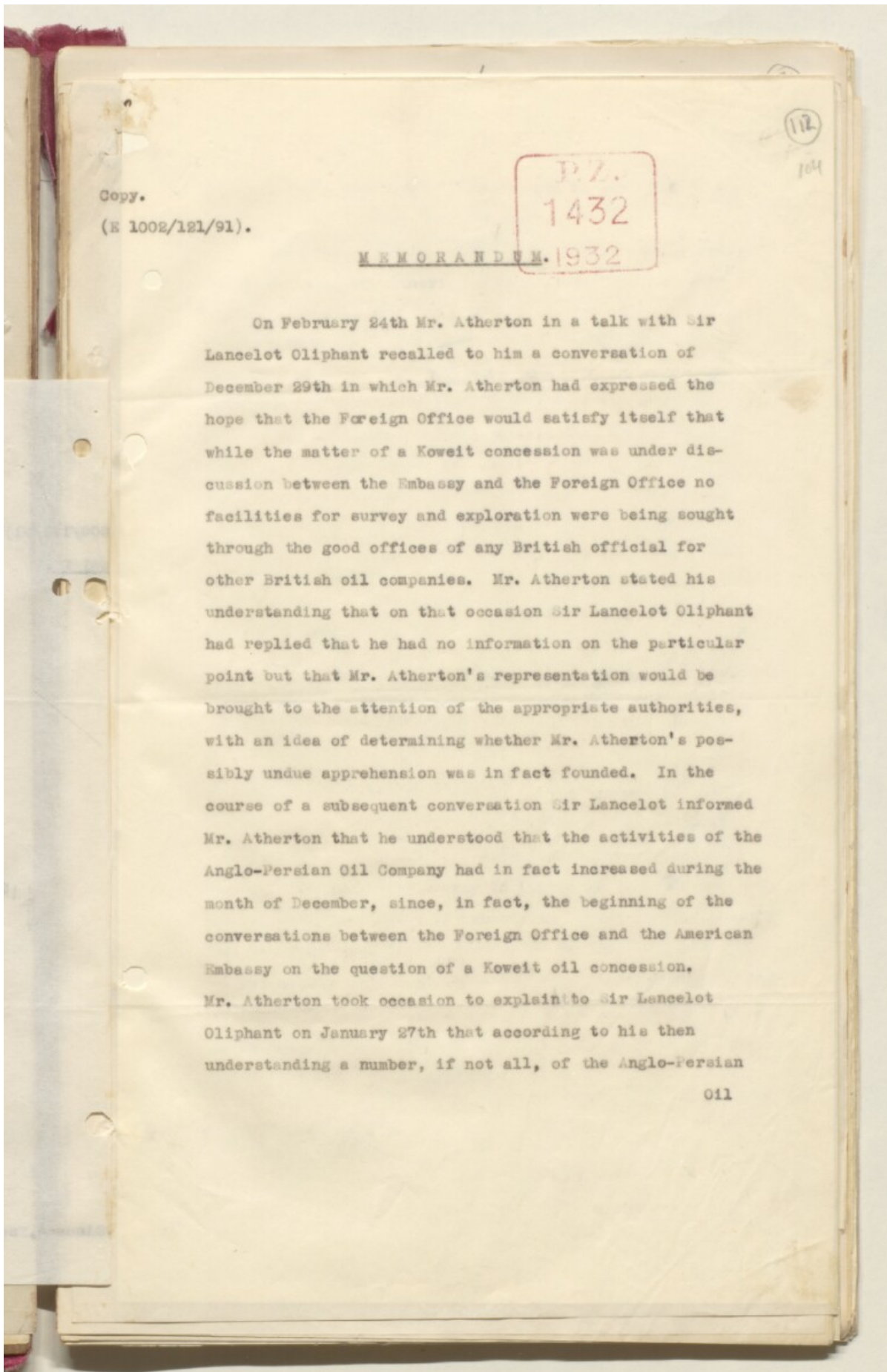












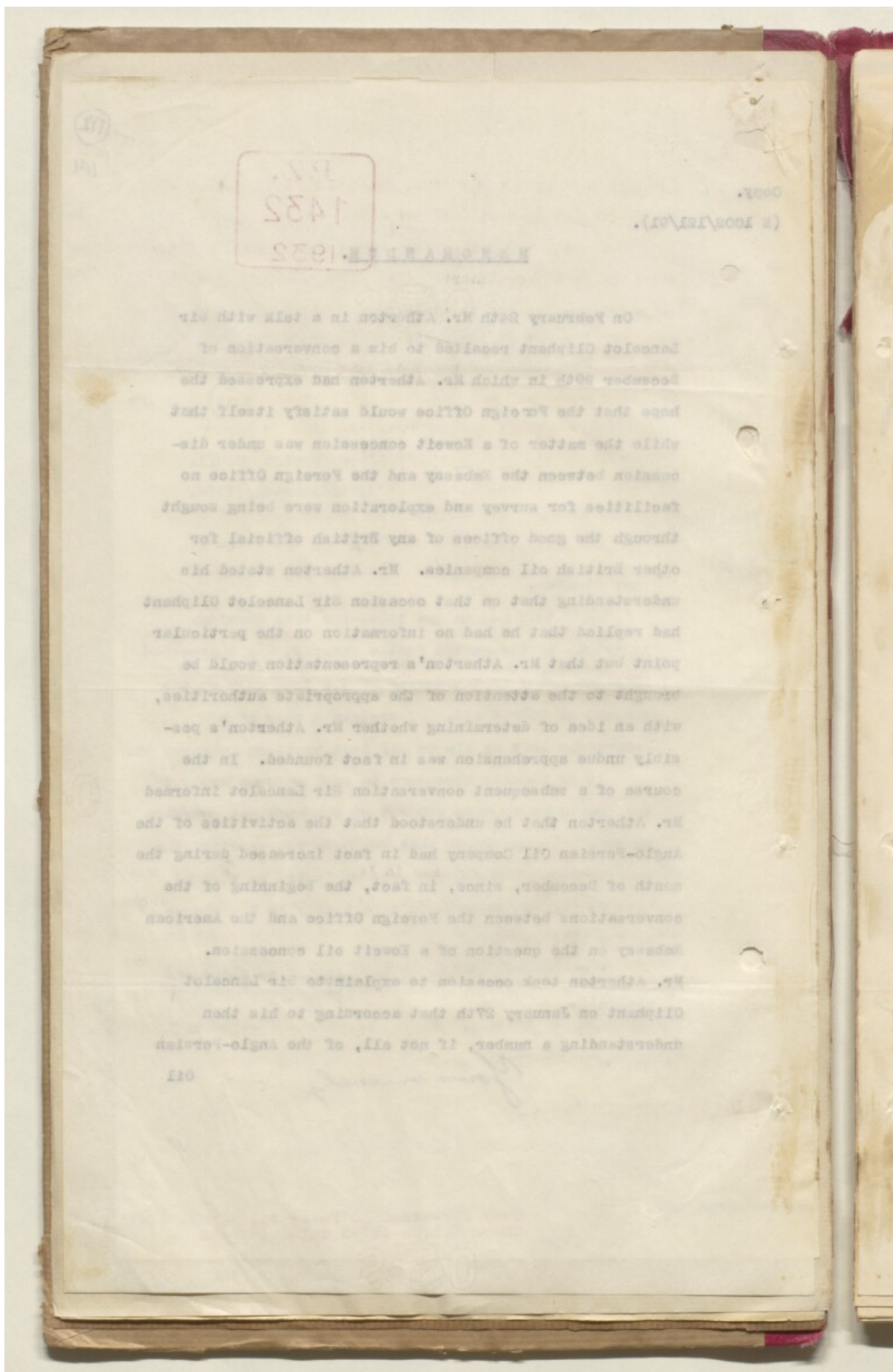
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MEMORANDUM. 1932

On February 24th Mr. Atherton in a talk with Sir Lancelot Oliphant recalled to him a conversation of December 29th in which Mr. Atherton had expressed the hope that the Foreign Office would satisfy itself that while the matter of a Koweit concession was under discussion between the Embassy and the Foreign Office no facilities for survey and exploration were being sought through the good offices of any British official for other British oil companies. Mr. Atherton stated his understanding that on that occasion Sir Lancelot Oliphant had replied that he had no information on the particular point but that Mr. Atherton's representation would be brought to the attention of the appropriate authorities, with an idea of determining whether Mr. Atherton's possibly undue apprehension was in fact founded. In the course of a subsequent conversation Sir Lancelot informed Mr. Atherton that he understood that the activities of the Anglo-Persian Oil Company had in fact increased during the month of December, since, in fact, the beginning of the conversations between the Foreign Office and the American Embassy on the question of a Koweit oil concession. Mr. Atherton took occasion to explain to Sir Lancelot Oliphant on January 27th that according to his then understanding a number, if not all, of the Anglo-Persian

Oil



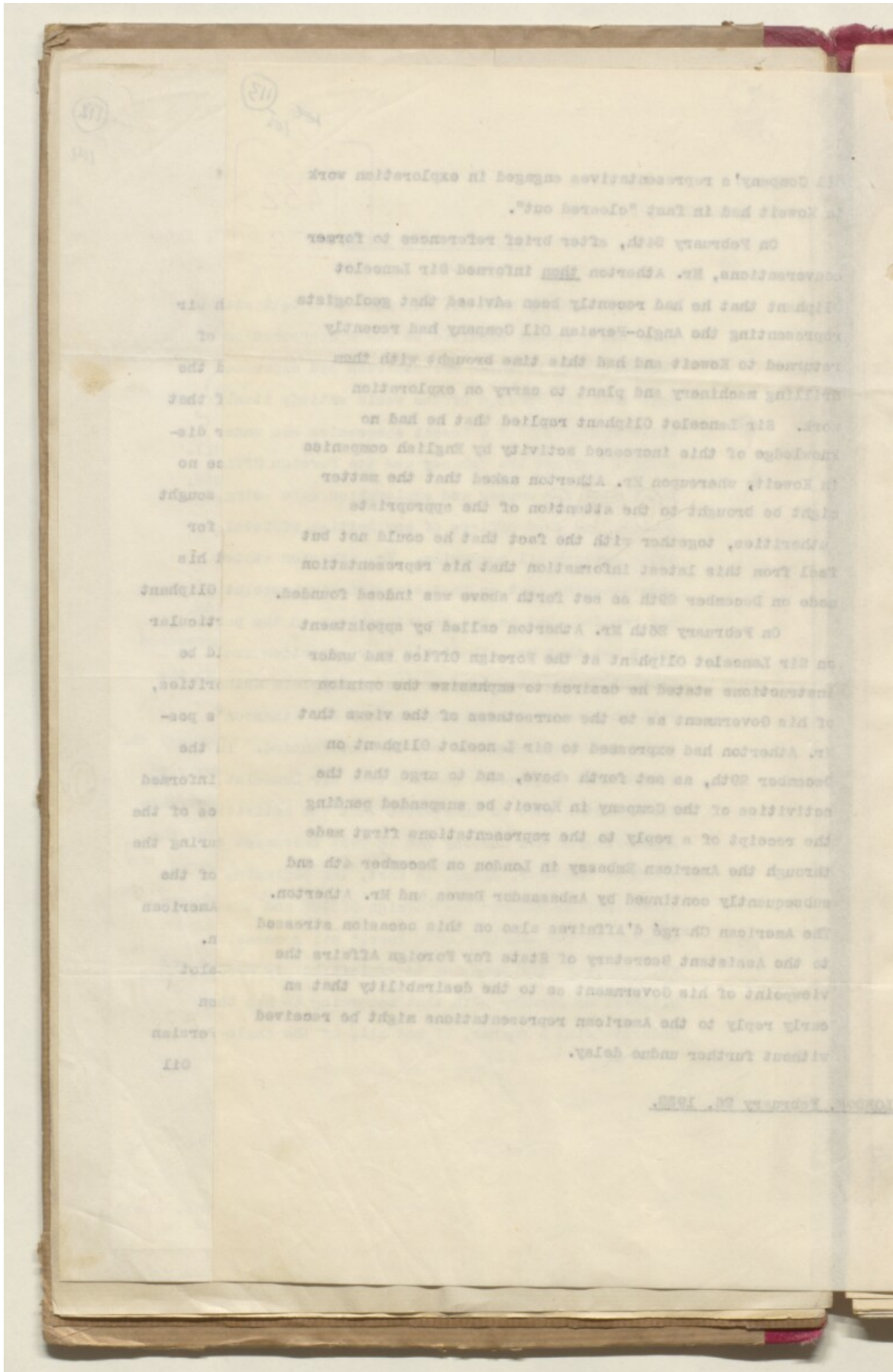


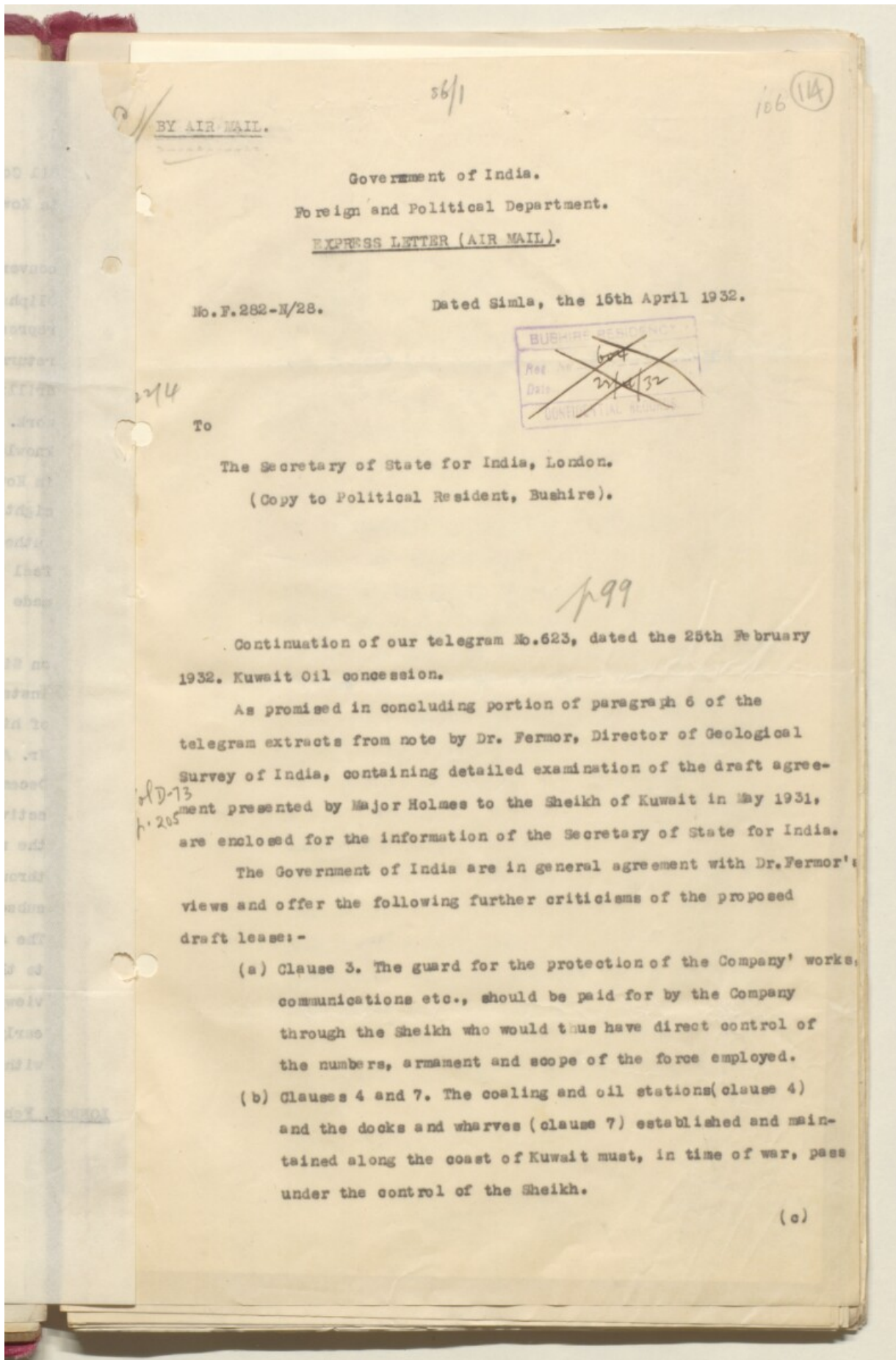
Oil Company's representatives engaged in exploration work in Koweit had in fact "cleared out".

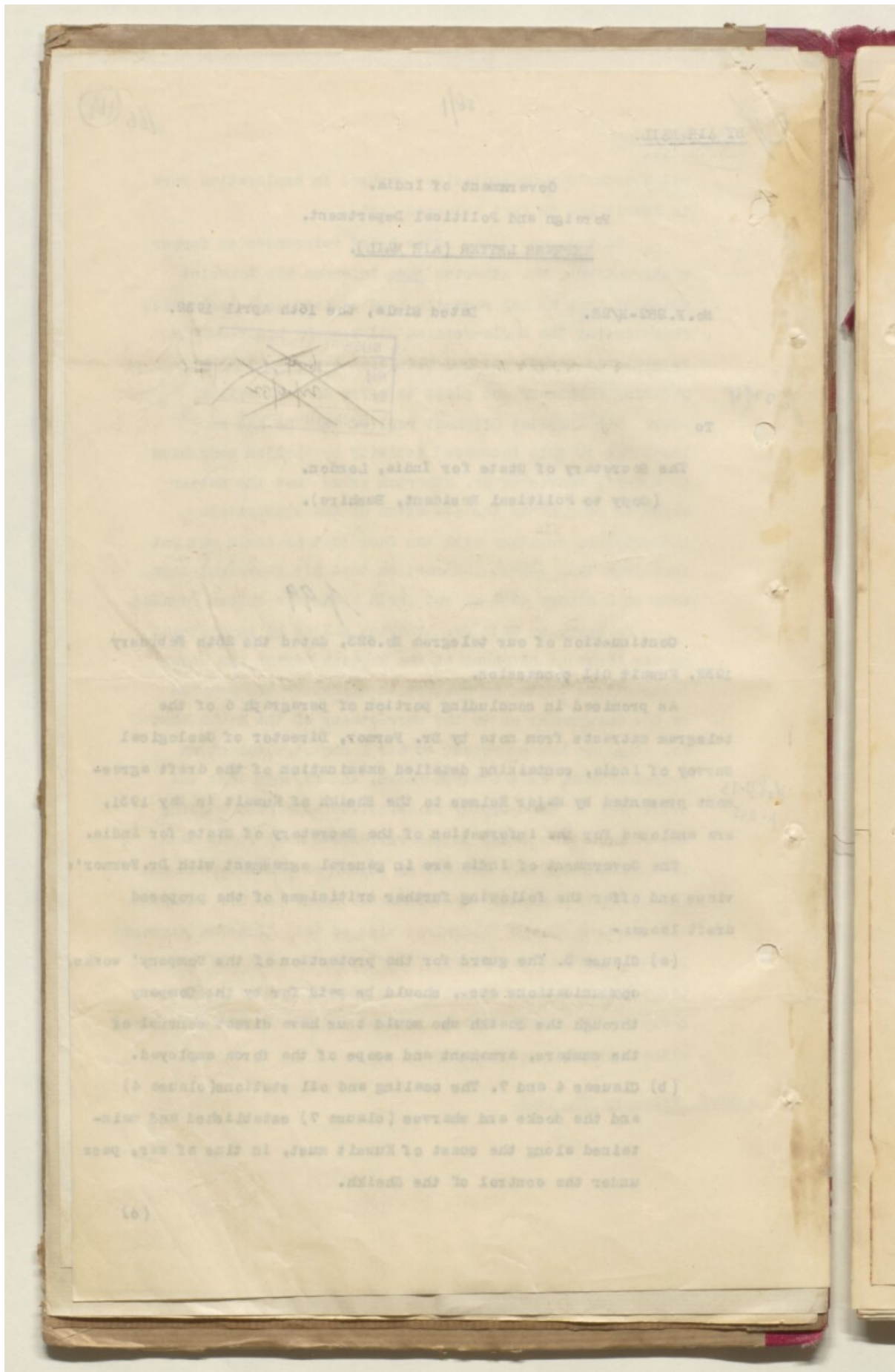
On February 24th, after brief references to former conversations, Mr. Atherton then informed Sir Lancelot Oliphant that he had recently been advised that geologists representing the Anglo-Persian Oil Company had recently returned to Koweit and had this time brought with them drilling machinery and plant to carry on exploration work. Sir Lancelot Oliphant replied that he had no knowledge of this increased activity by English companies in Koweit, whereupon Mr. Atherton asked that the matter might be brought to the attention of the appropriate authorities, together with the fact that he could not but feel from this latest information that his representation made on December 29th as set forth above was indeed founded.

On February 26th Mr. Atherton called by appointment on Sir Lancelot Oliphant at the Foreign Office and under instructions stated he desired to emphasize the opinion of his Government as to the correctness of the views that Mr. Atherton had expressed to Sir Lancelot Oliphant on December 29th, as set forth above, and to urge that the activities of the Company in Koweit be suspended pending the receipt of a reply to the representations first made through the American Embassy in London on December 4th and subsequently continued by Ambassador Dawes and Mr. Atherton. The American Chargé d'Affaires also on this occasion stressed to the Assistant Secretary of State for Foreign Affairs the viewpoint of his Government as to the desirability that an early reply to the American representations might be received without further undue delay.

LONDON, February 26, 1932.









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(2)

(c) Clause 9 is too wide and vague and might have the effect of creating an imperium in imperio. In our opinion the clause should be deleted or at any rate it should be made clear that the representatives of the Company in the Kuwait territory will be subject to the administrative and legal authority of the Sheikh to the same extent as other foreign residents in the territory.

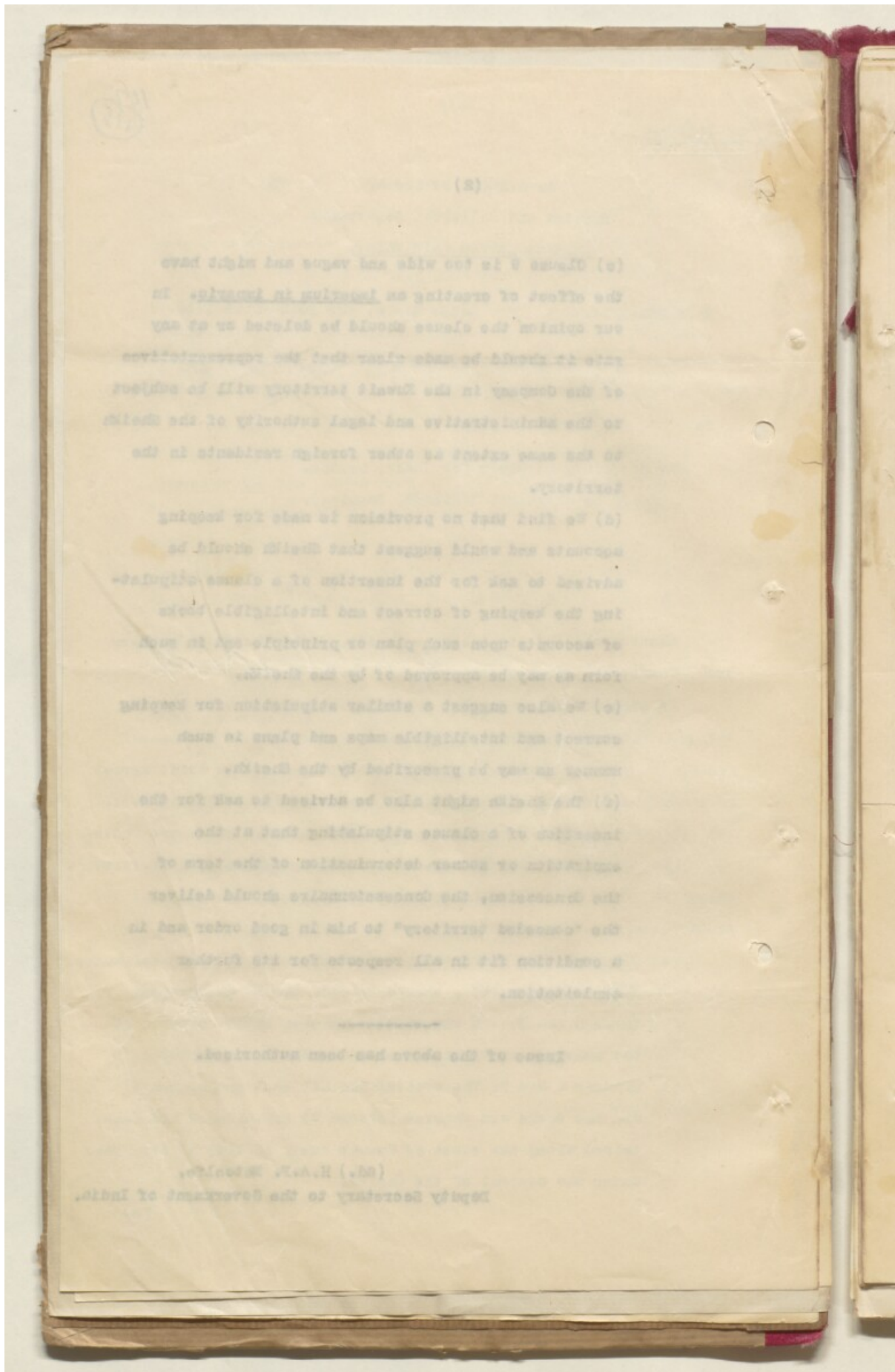
(d) We find that no provision is made for keeping accounts and would suggest that Sheikh should be advised to ask for the insertion of a clause stipulating the keeping of correct and intelligible books of accounts upon such plan or principle and in such form as may be approved of by the Sheikh.

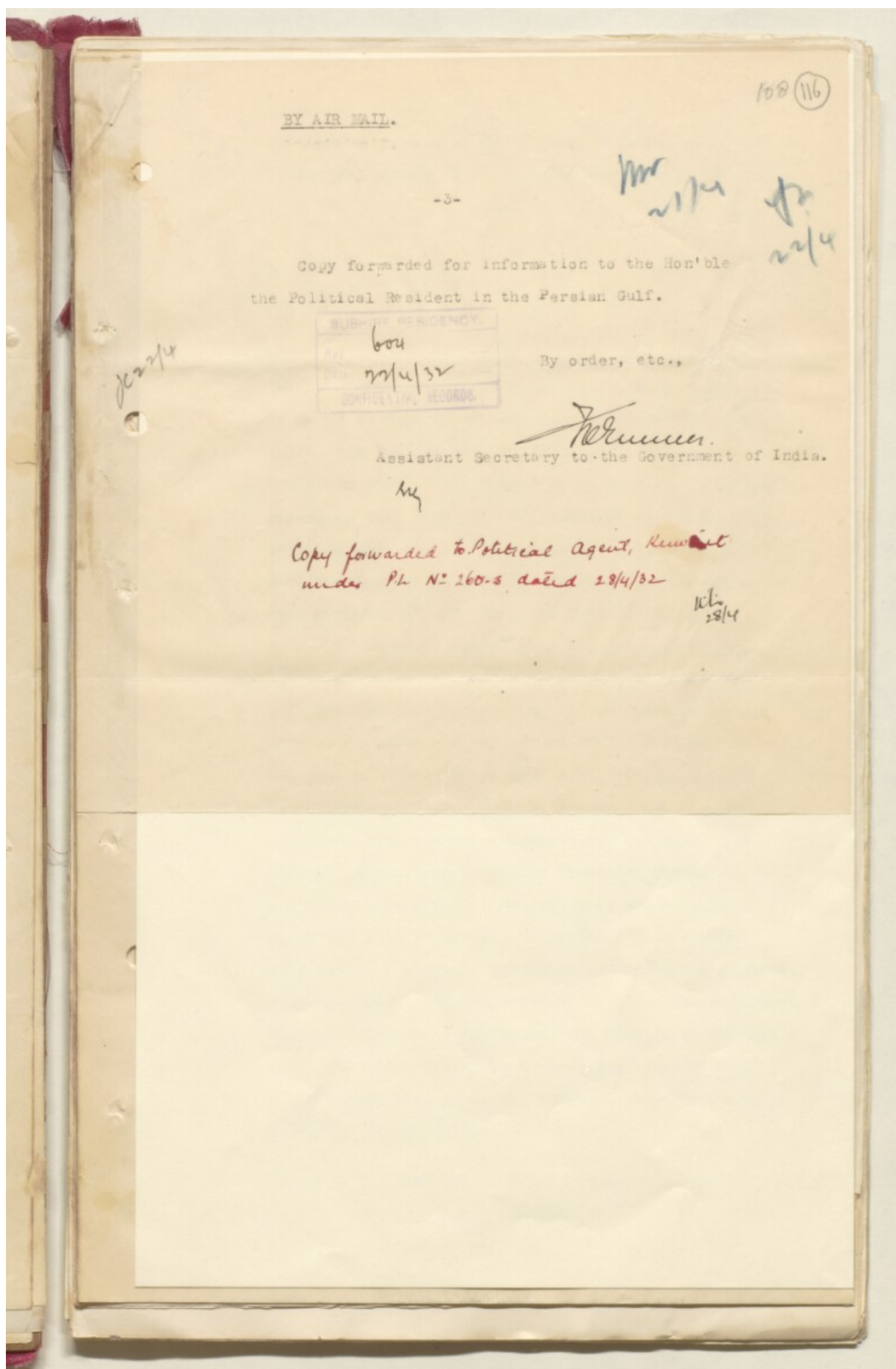
(e) We also suggest a similar stipulation for keeping correct and intelligible maps and plans in such manner as may be prescribed by the Sheikh.

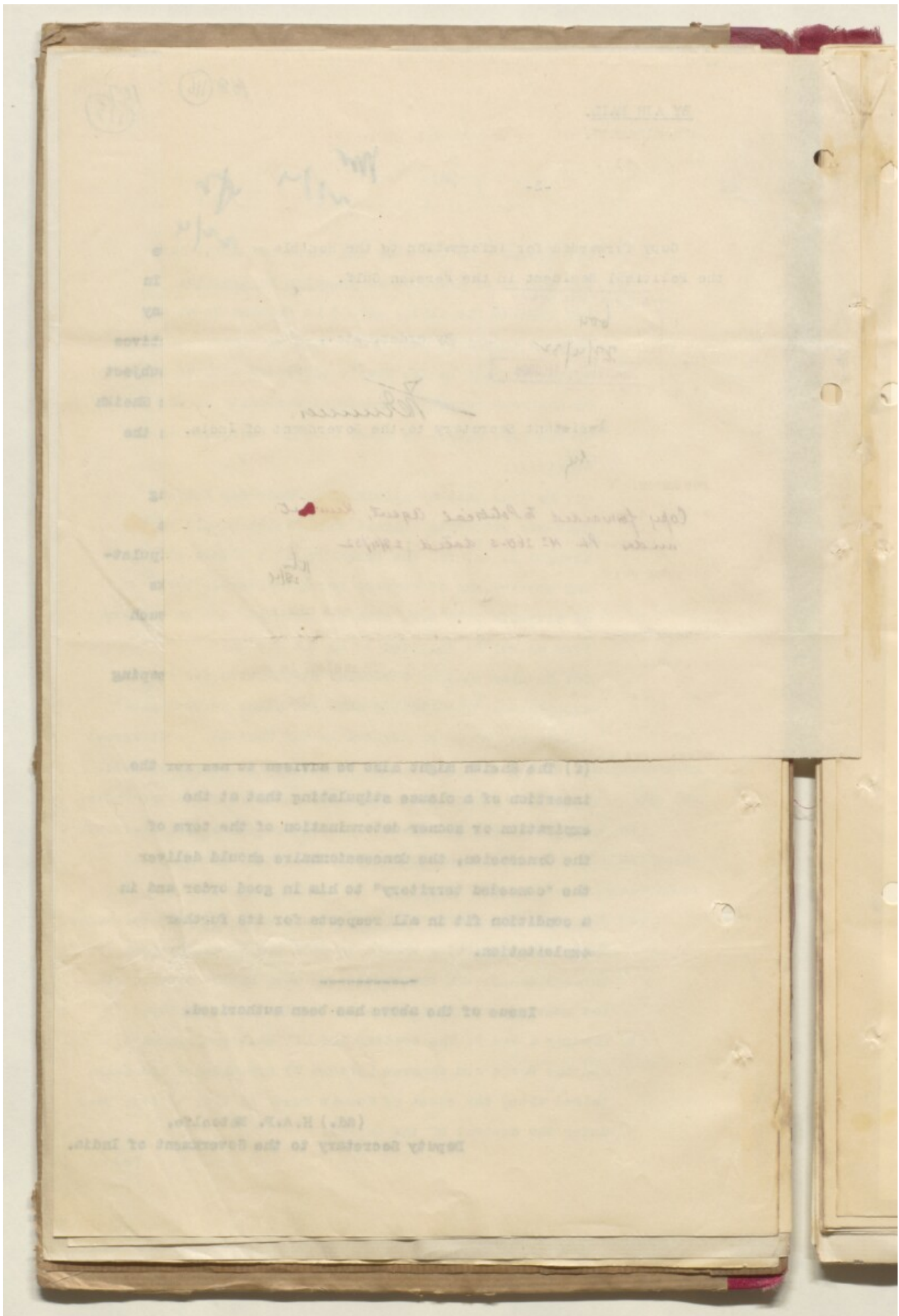
(f) The Sheikh might also be advised to ask for the insertion of a clause stipulating that at the expiration or sooner determination of the term of the Concession, the Concessionnaire should deliver the "conceded territory" to him in good order and in a condition fit in all respects for its further exploitation.

Issue of the above has been authorised.

(Sd.) H.A.F. Metcalfe,
Deputy Secretary to the Government of India.









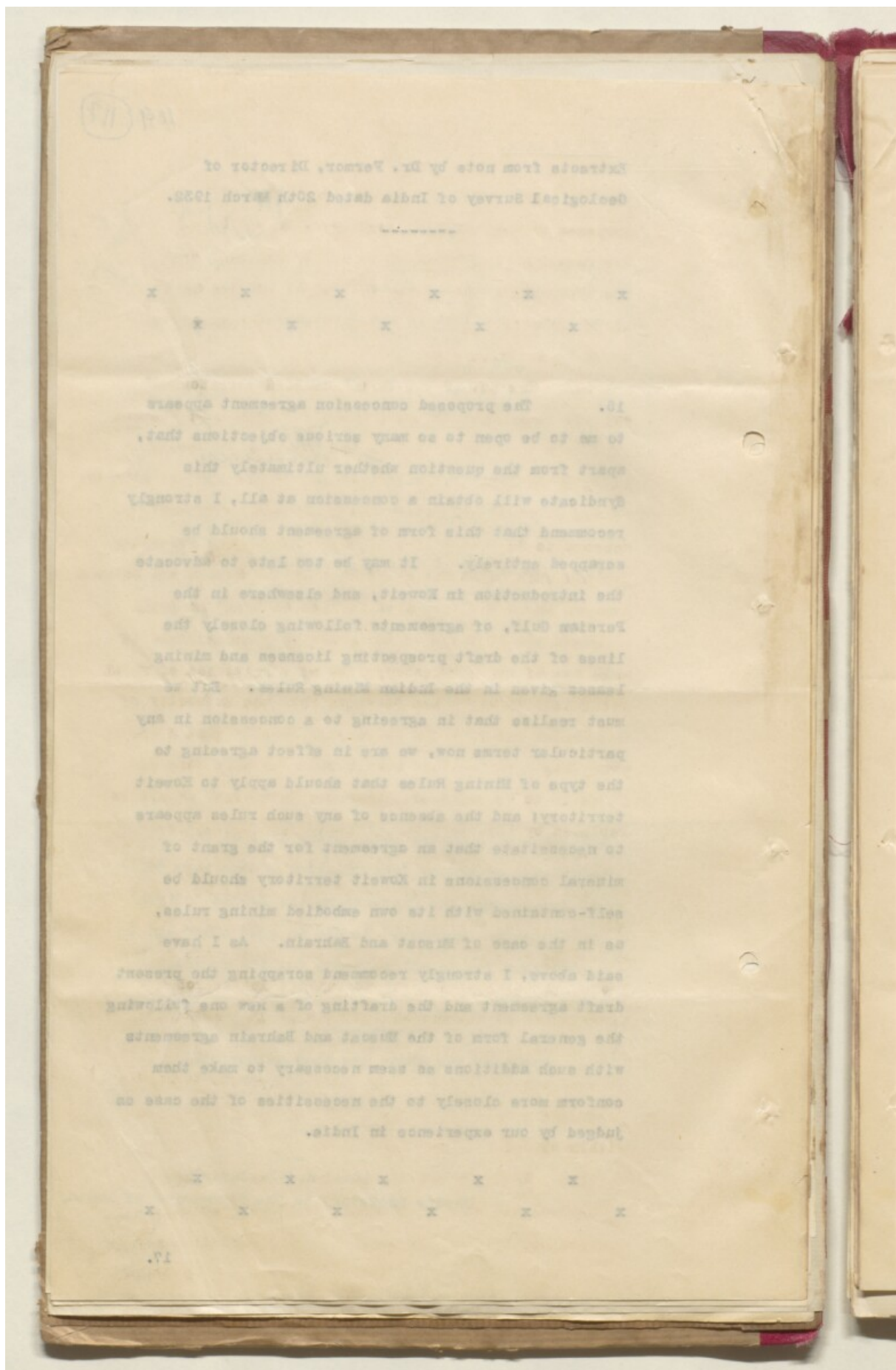
109 (117)
Extracts from note by Dr. Fermor, Director of
Geological Survey of India dated 20th March 1932.

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15. The proposed concession agreement appears to me to be open to so many serious objections that, apart from the question whether ultimately this Syndicate will obtain a concession at all, I strongly recommend that this form of agreement should be scrapped entirely. It may be too late to advocate the introduction in Koweit, and elsewhere in the Persian Gulf, of agreements following closely the lines of the draft prospecting licenses and mining leases given in the Indian Mining Rules. But we must realise that in agreeing to a concession in any particular terms now, we are in effect agreeing to the type of Mining Rules that should apply to Koweit territory; and the absence of any such rules appears to necessitate that an agreement for the grant of mineral concessions in Koweit territory should be self-contained with its own embodied mining rules, as in the case of Muscat and Bahrain. As I have said above, I strongly recommend scrapping the present draft agreement and the drafting of a new one following the general form of the Muscat and Bahrain agreements with such additions as seem necessary to make them conform more closely to the necessities of the case as judged by our experience in India.

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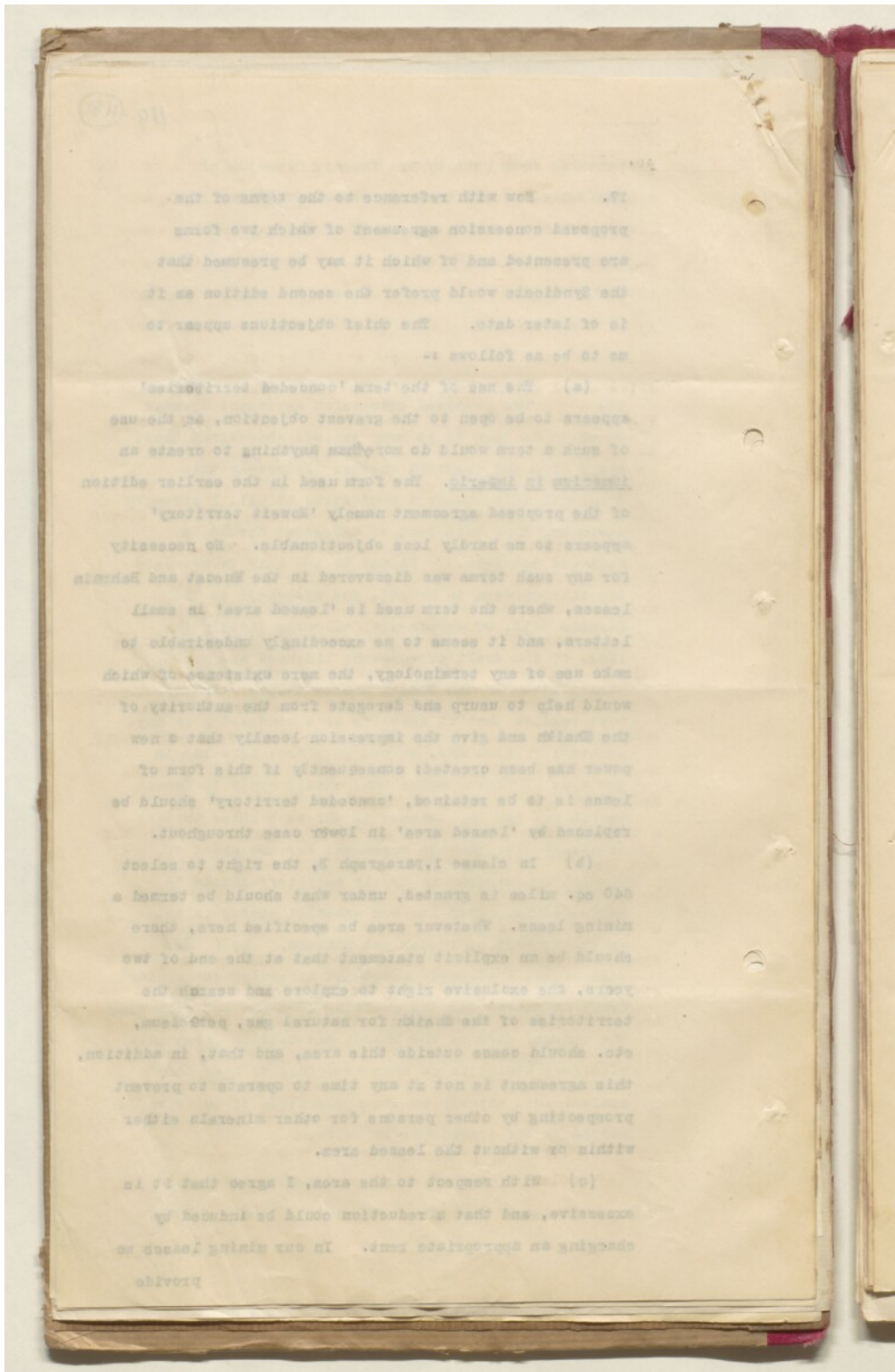
110 (118)

17. Now with reference to the terms of the proposed concession agreement of which two forms are presented and of which it may be presumed that the Syndicate would prefer the second edition as it is of later date. The chief objections appear to me to be as follows :-

(a) The use of the term 'conceded territories' appears to be open to the gravest objection, as the use of such a term would do more than anything to create an imperium in imperio. The form used in the earlier edition of the proposed agreement namely 'Koweit territory' appears to me hardly less objectionable. No necessity for any such terms was discovered in the Muscat and Bahrain leases, where the term used is 'leased area' in small letters, and it seems to me exceedingly undesirable to make use of any terminology, the mere existence of which would help to usurp and derogate from the authority of the Shaikh and give the impression locally that a new power has been created; consequently if this form of lease is to be retained, 'conceded territory' should be replaced by 'leased area' in lower case throughout.

(b) In clause 1, paragraph 3, the right to select 640 sq. miles is granted, under what should be termed a mining lease. Whatever area be specified here, there should be an explicit statement that at the end of two years, the exclusive right to explore and search the territories of the Shaikh for natural gas, petroleum, etc. should cease outside this area, and that, in addition, this agreement is not at any time to operate to prevent prospecting by other persons for other minerals either within or without the leased area.

(c) With respect to the area, I agree that it is excessive, and that a reduction could be induced by charging an appropriate rent. In our mining leases we provide

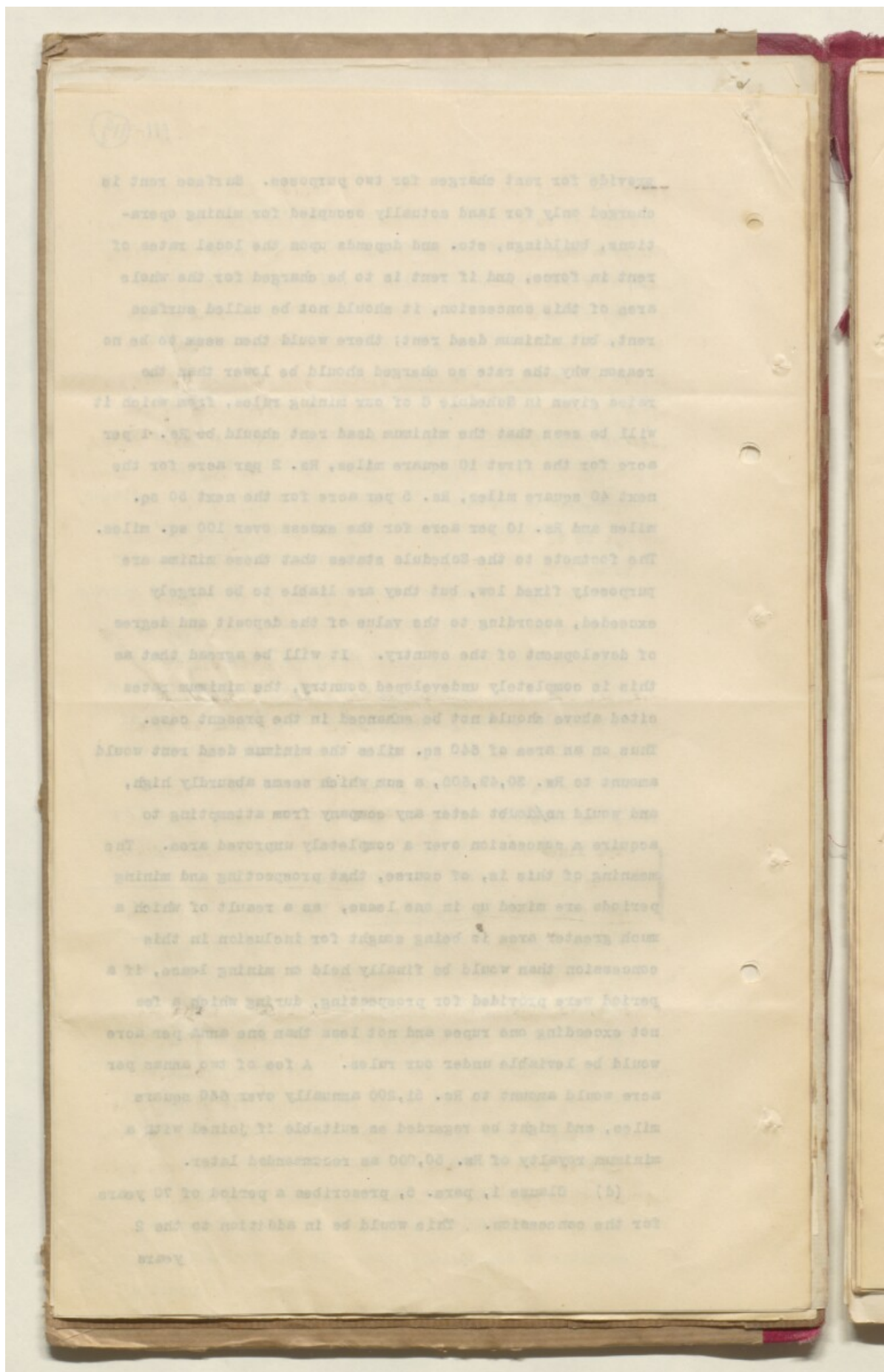




111 (119)

provide for rent charges for two purposes. Surface rent is charged only for land actually occupied for mining operations, buildings, etc. and depends upon the local rates of rent in force, and if rent is to be charged for the whole area of this concession, it should not be called surface rent, but minimum dead rent; there would then seem to be no reason why the rate so charged should be lower than the rates given in Schedule C of our mining rules, from which it will be seen that the minimum dead rent should be Re. 1 per acre for the first 10 square miles, Rs. 2 per acre for the next 40 square miles, Rs. 5 per acre for the next 50 sq. miles and Rs. 10 per acre for the excess over 100 sq. miles. The footnote to the Schedule states that these minima are purposely fixed low, but they are liable to be largely exceeded, according to the value of the deposit and degree of development of the country. It will be agreed that as this is completely undeveloped country, the minimum rates cited above should not be enhanced in the present case. Thus on an area of 640 sq. miles the minimum dead rent would amount to Rs. 30,49,600, a sum which seems absurdly high, and would no/doubt deter any company from attempting to acquire a concession over a completely unproved area. The meaning of this is, of course, that prospecting and mining periods are mixed up in one lease, as a result of which a much greater area is being sought for inclusion in this concession than would be finally held on mining lease, if a period were provided for prospecting, during which a fee not exceeding one rupee and not less than one anna per acre would be leviable under our rules. A fee of two annas per acre would amount to Rs. 51,200 annually over 640 square miles, and might be regarded as suitable if joined with a minimum royalty of Rs. 50,000 as recommended later.

(d) Clause 1, para. 5, prescribes a period of 70 years for the concession. This would be in addition to the 2 years





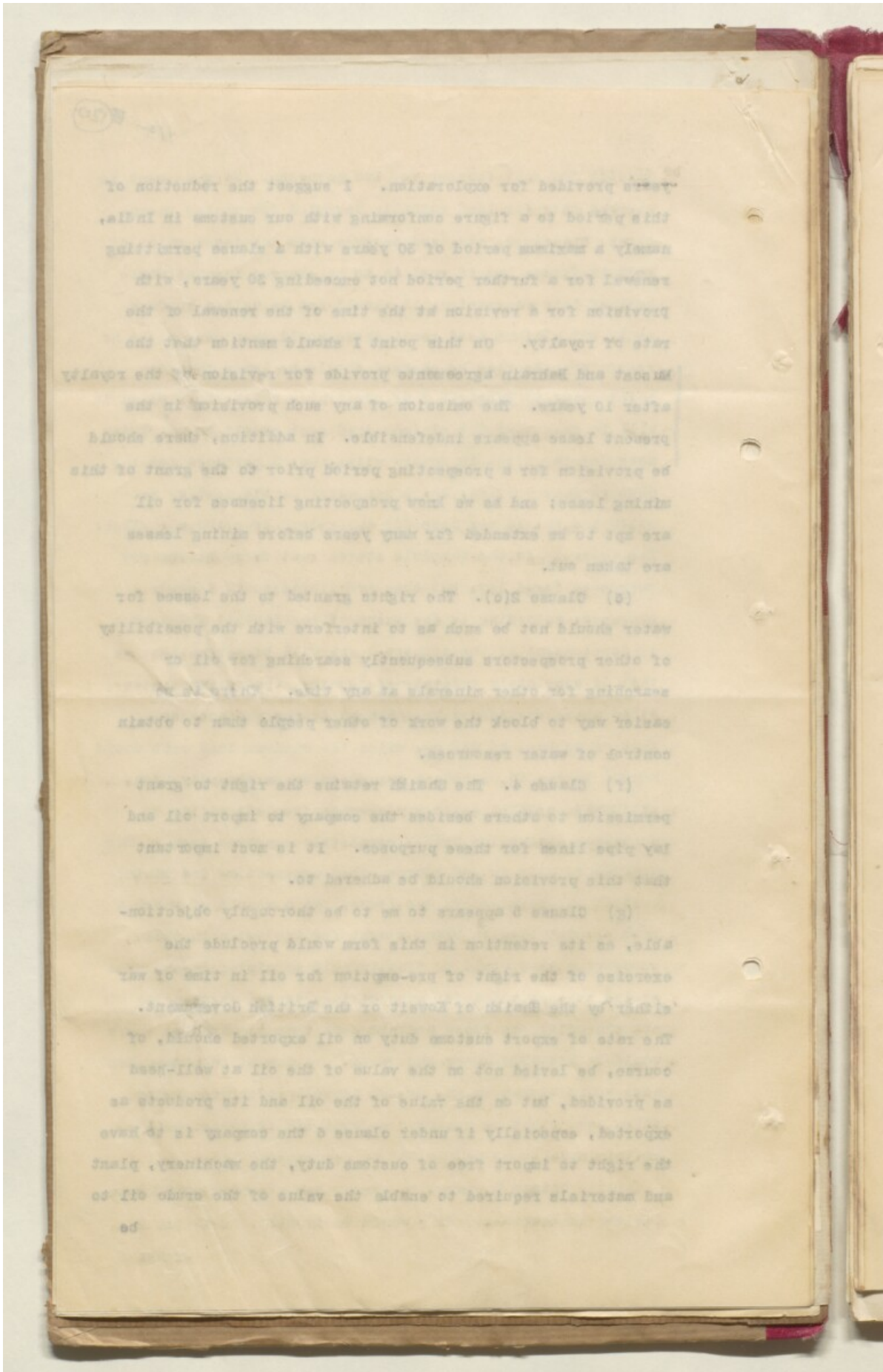
115-420

years provided for exploration. I suggest the reduction of this period to a figure conforming with our customs in India, namely a maximum period of 30 years with a clause permitting renewal for a further period not exceeding 30 years, with provision for a revision at the time of the renewal of the rate of royalty. On this point I should mention that the Muscat and Bahrain agreements provide for revision of the royalty after 10 years. The omission of any such provision in the present lease appears indefensible. In addition, there should be provision for a prospecting period prior to the grant of this mining lease; and as we know prospecting licenses for oil are apt to be extended for many years before mining leases are taken out.

(e) Clause 2(c). The rights granted to the lessee for water should not be such as to interfere with the possibility of other prospectors subsequently searching for oil or searching for other minerals at any time. There is no easier way to block the work of other people than to obtain control of water resources.

(f) Clause 4. The Shaikh retains the right to grant permission to others besides the company to import oil and lay pipe lines for these purposes. It is most important that this provision should be adhered to.

(g) Clause 5 appears to me to be thoroughly objectionable, as its retention in this form would preclude the exercise of the right of pre-emption for oil in time of war either by the Shaikh of Koweit or the British Government. The rate of export customs duty on oil exported should, of course, be levied not on the value of the oil at well-head as provided, but on the value of the oil and its products as exported, especially if under clause 6 the company is to have the right to import free of customs duty, the machinery, plant and materials required to enable the value of the crude oil to be





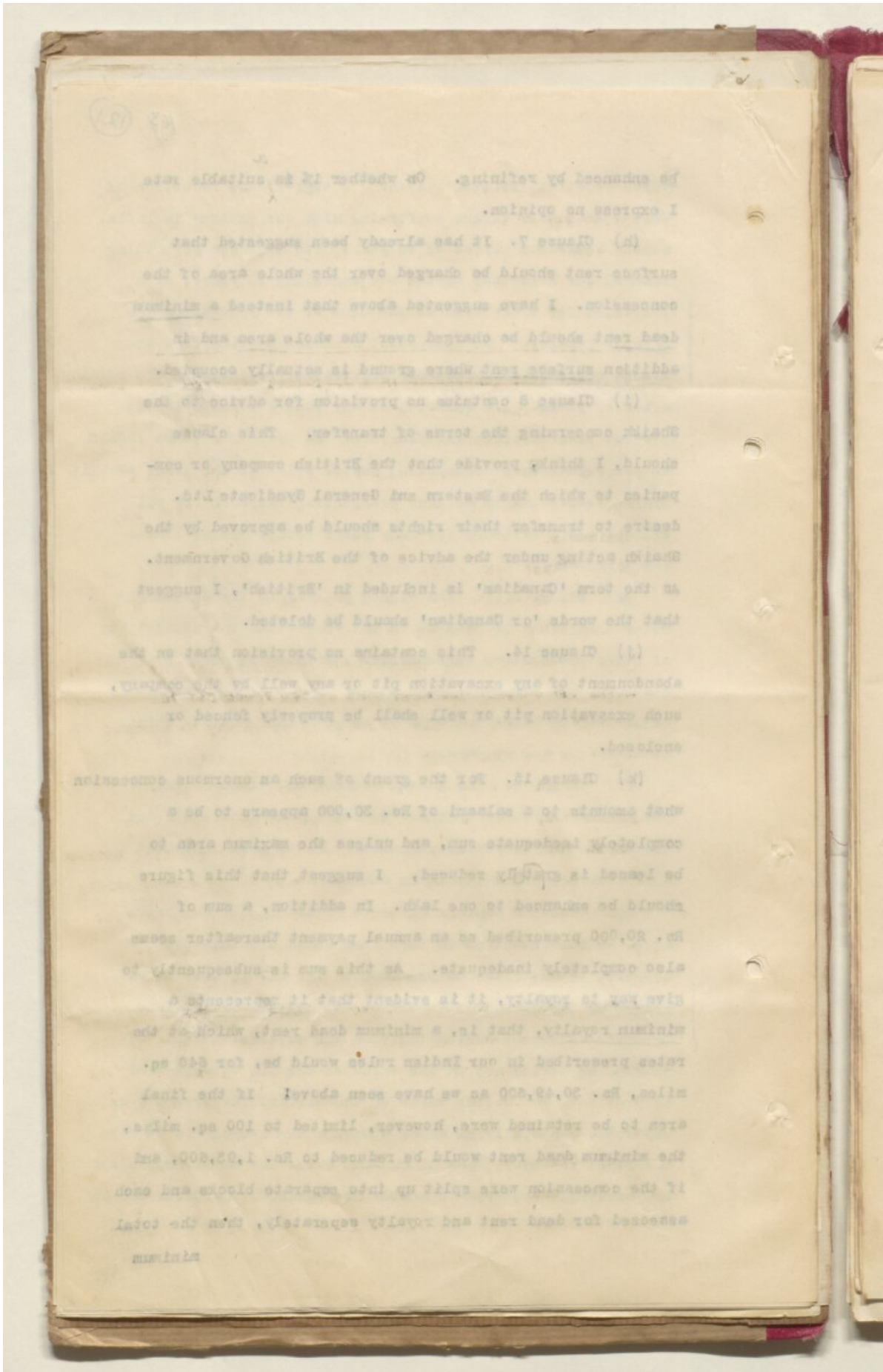
113 (121)
be enhanced by refining. On whether 1% ^a is a suitable rate
I express no opinion.

(h) Clause 7. It has already been suggested that surface rent should be charged over the whole area of the concession. I have suggested above that instead a minimum dead rent should be charged over the whole area and in addition surface rent where ground is actually occupied.

(i) Clause 8 contains no provision for advice to the Shaikh concerning the terms of transfer. This clause should, I think, provide that the British company or companies to which the Eastern and General Syndicate Ltd. desire to transfer their rights should be approved by the Shaikh acting under the advice of the British Government. As the term 'Canadian' is included in 'British', I suggest that the words 'or Canadian' should be deleted.

(j) Clause 14. This contains no provision that on the abandonment of any excavation pit or any well by the company, such excavation pit or well shall be properly fenced or enclosed.

(k) Clause 15. For the grant of such an enormous concession what amounts to a salaami of Rs. 30,000 appears to be a completely inadequate sum, and unless the maximum area to be leased is greatly reduced, I suggest that this figure should be enhanced to one lakh. In addition, a sum of Rs. 20,000 prescribed as an annual payment thereafter seems also completely inadequate. As this sum is subsequently to give way to royalty, it is evident that it represents a minimum royalty, that is, a minimum dead rent, which at the rates prescribed in our Indian rules would be, for 640 sq. miles, Rs. 30,49,600 as we have seen above. If the final area to be retained were, however, limited to 100 sq. miles, the minimum dead rent would be reduced to Rs. 1,93,600, and if the concession were split up into separate blocks and each assessed for dead rent and royalty separately, then the total
minimum





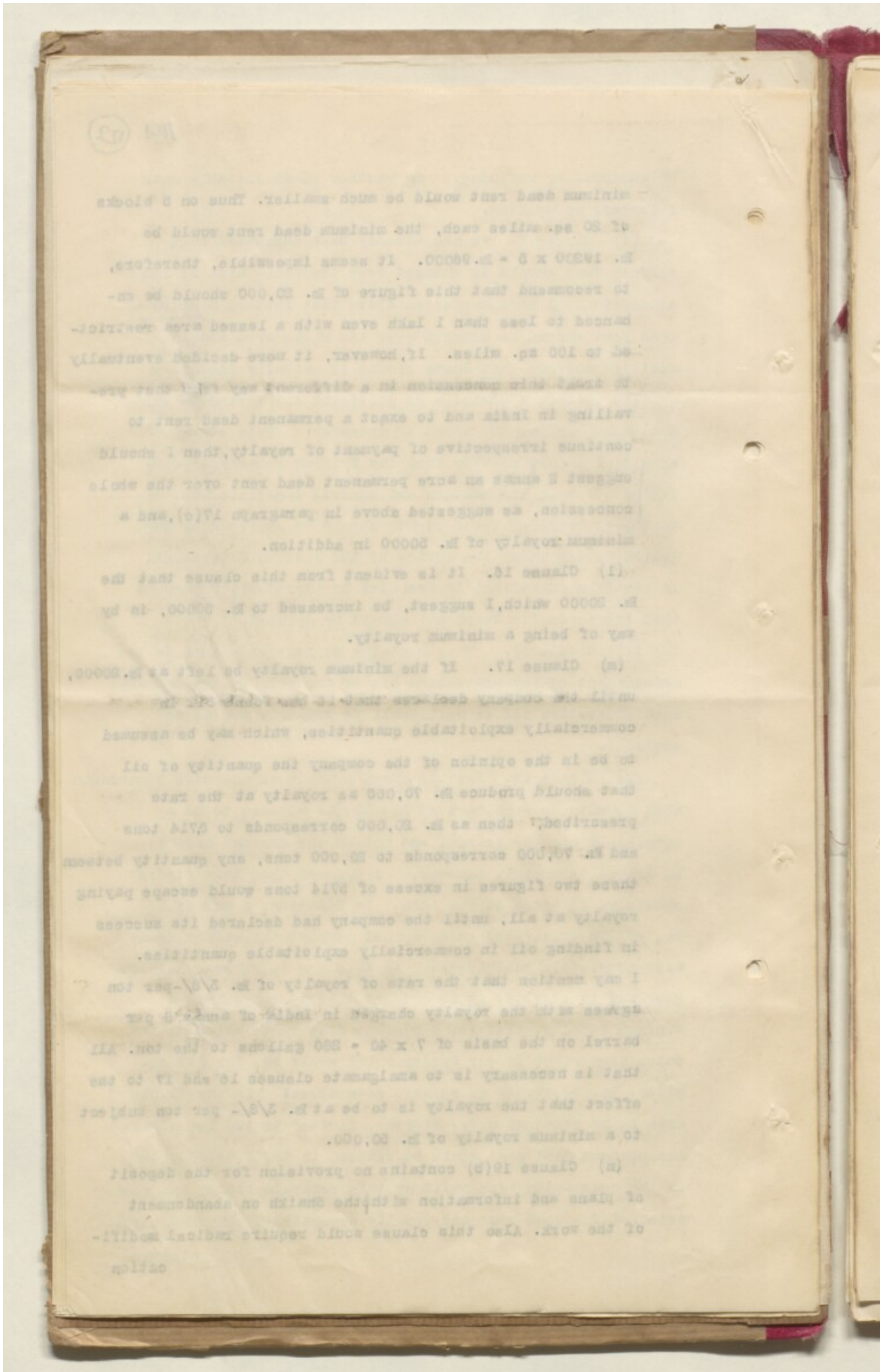
114 (12)

minimum dead rent would be much smaller. Thus on 5 blocks of 20 sq. miles each, the minimum dead rent would be Rs. 19200 x 5 = Rs. 96000. It seems impossible, therefore, to recommend that this figure of Rs. 20,000 should be enhanced to less than 1 lakh even with a leased area restricted to 100 sq. miles. If, however, it were decided eventually to treat this concession in a different way from that prevailing in India and to exact a permanent dead rent to continue irrespective of payment of royalty, then I should suggest 2 annas an acre permanent dead rent over the whole concession, as suggested above in paragraph 17(c), and a minimum royalty of Rs. 50000 in addition.

(l) Clause 16. It is evident from this clause that the Rs. 20000 which, I suggest, be increased to Rs. 50000, is by way of being a minimum royalty.

(m) Clause 17. If the minimum royalty be left at Rs. 20000, until the company declares that it has found oil in commercially exploitable quantities, which may be assumed to be in the opinion of the company the quantity of oil that should produce Rs. 70,000 as royalty at the rate prescribed, then as Rs. 20,000 corresponds to 5714 tons and Rs. 70,000 corresponds to 20,000 tons, any quantity between these two figures in excess of 5714 tons would escape paying royalty at all, until the company had declared its success in finding oil in commercially exploitable quantities. I may mention that the rate of royalty of Rs. 3/8/- per ton agrees with the royalty charged in India of annas 8 per barrel on the basis of 7 x 40 = 280 gallons to the ton. All that is necessary is to amalgamate clauses 16 and 17 to the effect that the royalty is to be at Rs. 3/8/- per ton subject to a minimum royalty of Rs. 50,000.

(n) Clause 19(b) contains no provision for the deposit of plans and information with the Shaikh on abandonment of the work. Also this clause would require radical modification





115 (123)
modification if the lease be remodelled to conform to the Indian lease of 30 years with right of enhancement of rate of royalty on renewal for a further 30 years.

(c) Clause 21 does not suggest how the Shaikh's arbitrator is to be selected. I suggest that it should provide that the Shaikh in such a case should receive expert advice and that his arbitrator should be approved of by the Political Agent at Koweit.

18. In addition to the points enumerated by me above as the result of perusing the lease consecutively, there are others of which by far the most important is the right of pre-emption in time of war concerning which I strongly urge that a clause be inserted.

19. In addition, a comparison of this projected agreement with our standard form of mining lease shows the following omissions:-

There is no clause analogous to Part III, clause 4, of the standard form of mining lease: perhaps this can be omitted.

Part IV, clause 2. Liberty to make railways and roads is not reserved.

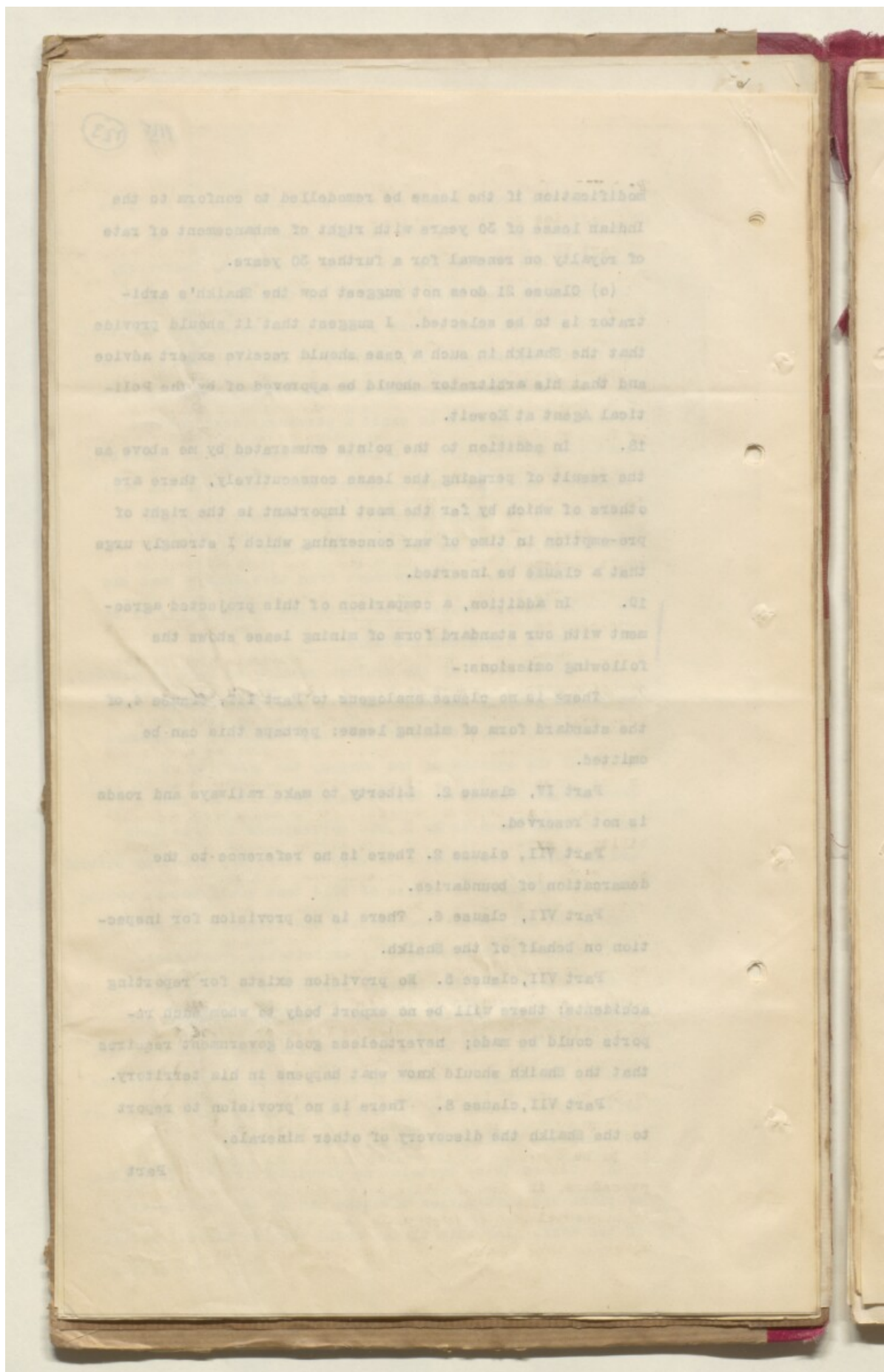
Part VII, clause 2. There is no reference to the demarcation of boundaries.

Part VII, clause 6. There is no provision for inspection on behalf of the Shaikh.

Part VII, clause 5. No provision exists for reporting accidents: there will be no expert body to whom such reports could be made; nevertheless good government requires that the Shaikh should know what happens in his territory.

Part VII, clause 8. There is no provision to report to the Shaikh the discovery of other minerals.

Part





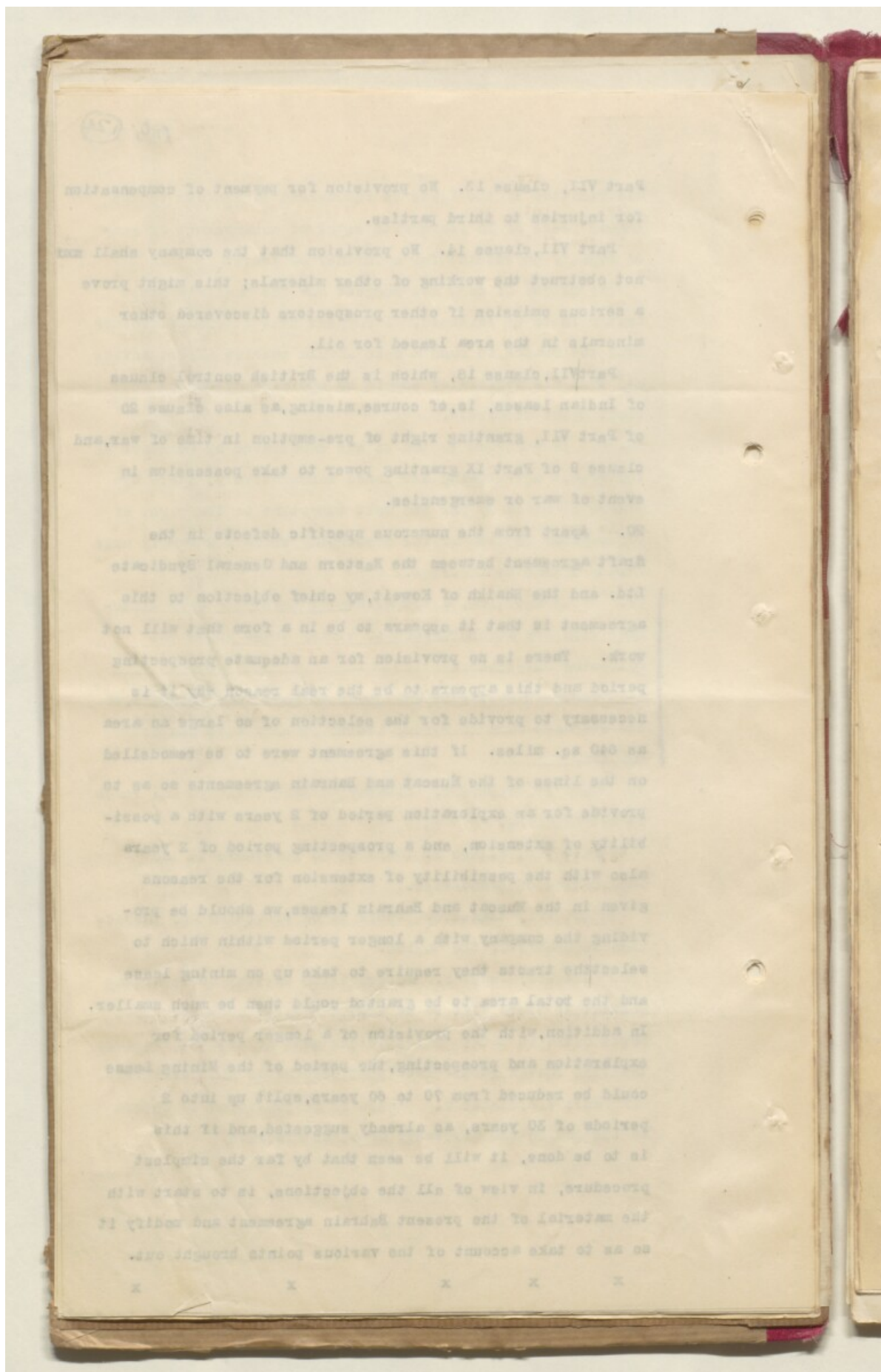
116 (12A)
Part VII, clause 13. No provision for payment of compensation for injuries to third parties.

Part VII, clause 14. No provision that the company shall ~~not~~ not obstruct the working of other minerals; this might prove a serious omission if other prospectors discovered other minerals in the area leased for oil.

Part VII, clause 18, which is the British control clause of Indian leases, is, of course, missing, as also clause 20 of Part VII, granting right of pre-emption in time of war, and clause 9 of Part IX granting power to take possession in event of war or emergencies.

20. Apart from the numerous specific defects in the draft agreement between the Eastern and General Syndicate Ltd. and the Shaikh of Koweit, my chief objection to this agreement is that it appears to be in a form that will not work. There is no provision for an adequate prospecting period and this appears to be the real reason why it is necessary to provide for the selection of so large an area as 640 sq. miles. If this agreement were to be remodelled on the lines of the Muscat and Bahrain agreements so as to provide for an exploration period of 2 years with a possibility of extension, and a prospecting period of 2 years also with the possibility of extension for the reasons given in the Muscat and Bahrain leases, we should be providing the company with a longer period within which to select the tracts they require to take up on mining lease and the total area to be granted could then be much smaller. In addition, with the provision of a longer period for exploration and prospecting, the period of the Mining Lease could be reduced from 70 to 60 years, split up into 2 periods of 30 years, as already suggested, and if this is to be done, it will be seen that by far the simplest procedure, in view of all the objections, is to start with the material of the present Bahrain agreement and modify it so as to take account of the various points brought out.

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117 (25)
IV. Right of Pre-emption Clause.

25. I note that the Anglo-Persian Oil Company are again in the field and ~~may~~ ^{they} themselves be applicants for a ~~xxxxxxxx~~ concession. This should be welcomed; but if eventually a portion of Koweit is granted to the Eastern and General Syndicate Ltd., in spite of their entanglement with an American Company, it will evidently prove impossible, in view of the Bahrain precedent, to include a British control paragraph. Nevertheless, this should not preclude the addition of clauses providing the right of pre-emption and possession in case of war. I noticed somewhere on the file the suggestion that if the company were registered as a British company, this would automatically render possible British control in case of war. Our previous experience in dealing with the Syndicate shows that anything not specifically included will be difficult to claim later and I suggest for consideration that though the Government is prepared to waive the British control clause, they should insist on the explicit inclusion in the concession of a clause providing right of pre-emption.

V. Chief Local Representative.

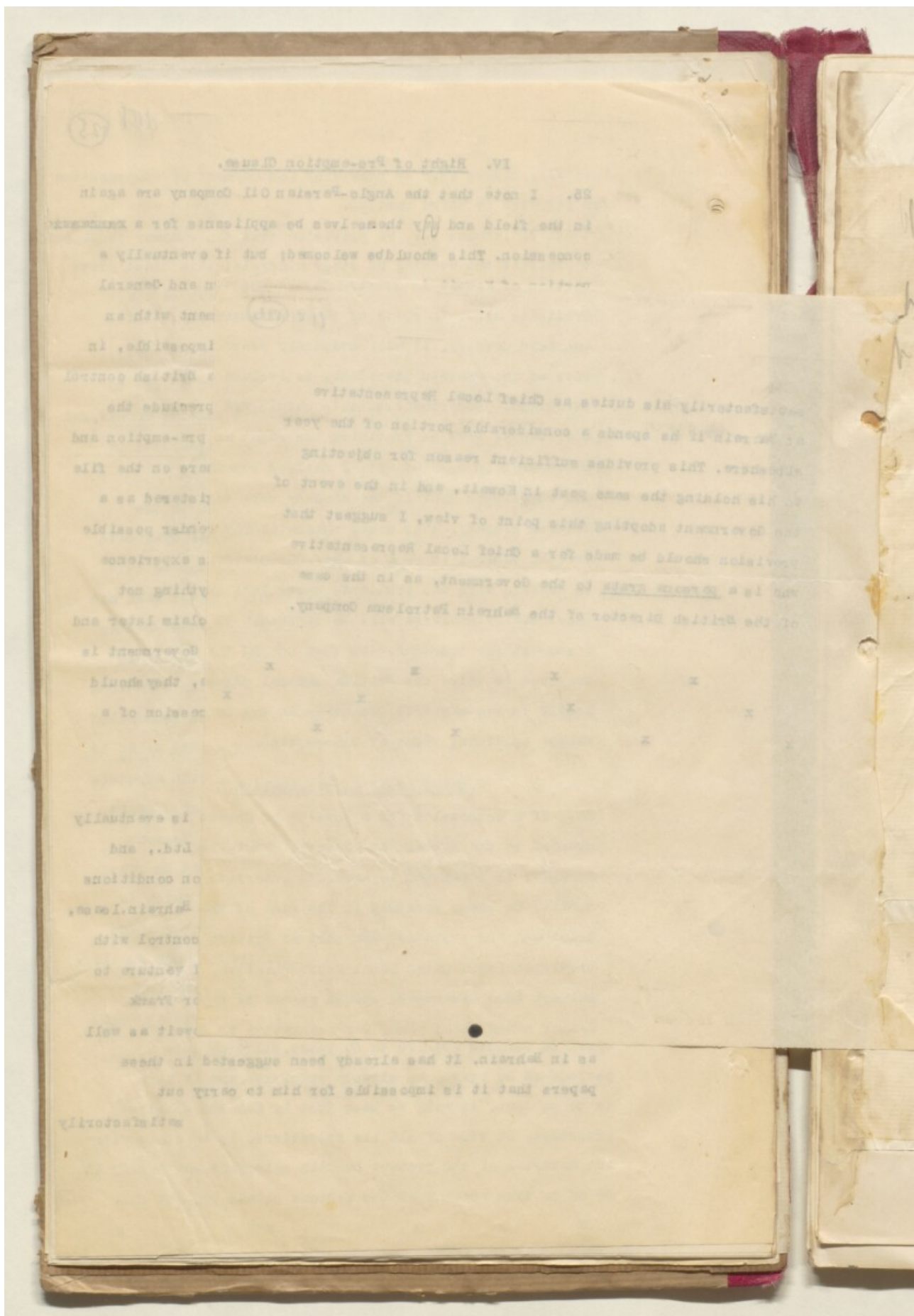
26. If a concession for a portion of Koweit is eventually granted to the Eastern and General Syndicate Ltd., and transfer is permitted to American interests on conditions similar to those arranged in the case of the Bahrain lease, providing for a shadowy ~~xxx~~ sort of British control with provision for a Chief Local Representative, I venture to suggest that Government should object to Major Frank Holmes being Chief Local Representative in Koweit as well as in Bahrain. It has already been suggested in these papers that it is impossible for him to carry out satisfactorily



112 (126)

satisfactorily his duties as Chief Local Representative at Bahrain if he spends a considerable portion of the year elsewhere. This provides sufficient reason for objecting to his holding the same post in Koweit, and in the event of the Government adopting this point of view, I suggest that provision should be made for a Chief Local Representative who is a persona grata to the Government, as in the case of the British Director of the Bahrain Petroleum Company.

x x x x x
x x x x x
x x x x x





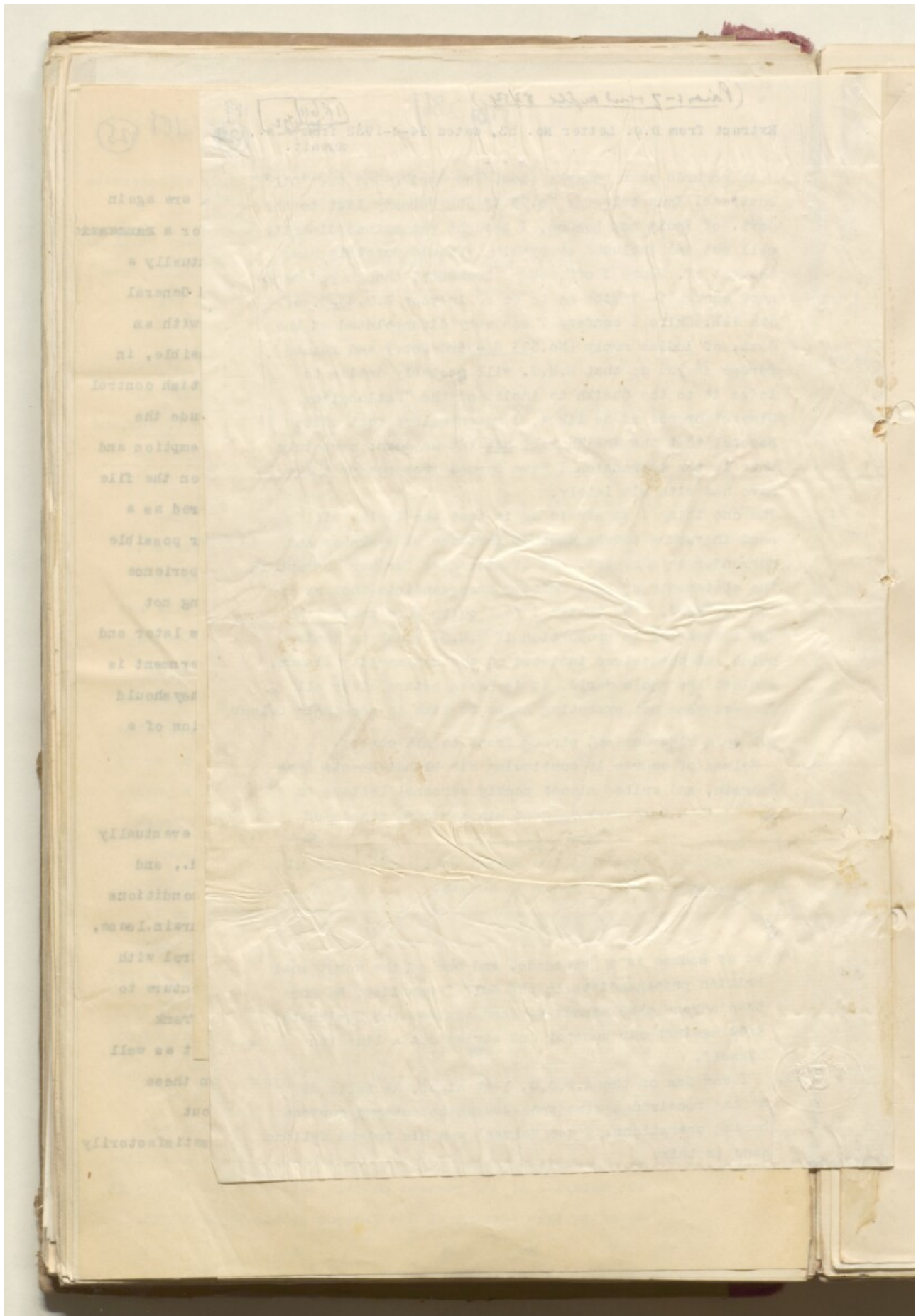
(Pais 1-7 sent after 23/24) 86/1 (18.6.44) 119
Extract from D.O. Letter No. 53, dated 14-4-1932 from Kuwait. (22)

h 95.
h 93.
h 99.
8. As regards your remarks about the Sheikh and the "Oil" business. Your telegram No. 93 of 6th February last to the Govt. of India and London, I thought was extraordinarily well put and included everything I could possibly have thought of. Hence I offered no comments, though you were good enough to invite me to do so in your D.O. 43-S. of 6th Feb. While I confess I was very disappointed at the Govt. of India's reply (No. 623 D/-23rd Feb.) and rather foresee as you do that H.M.G. will probably decide to leave it to the Sheikh to insist on the "Nationality Clause" or not as he likes, I nevertheless feel quite hopeful that the Sheikh will not let us down: certainly this is the impression I have formed from sundry talks I have had with him lately.
The one thing I am afraid of is that the Sheikh will read in such a course another instance of weakness and surrender on our part, and it will give further support to the statements of anti British propagandists that we are "on the run". The Sheikh I feel quite sure would like and respect us in proportion if H.M.G. stuck to their point and themselves insisted on the Nationality Clause, against the whole world. It is human nature after all for everyone, not excepting Arabs, to like to see their friends put up a vigorous and strong front to all comers.

9. Holmes of course is continuing his blandishments from Bahrain, and writes almost weekly personal letters to the Sheikh. Last week he sent him a second sample of so called "oil" extracted from his well at Bahrain, and expressed the hope that the Sheikh would soon allow him to pull up a similar sample in Kuwait.

He of course is a "renegade," and one of the worst anti British propagandists in the Gulf I consider. He more than anyone else stands for and advises the Sheikh to kick against our control and strike out a line for himself.

10. I saw Cox of the A.P.O.C. last night, he tells me he has received a wire from Abadan to suspend surface boring operations. I see Holmes' and his friend Mellons hand in this.





26/1

120
128

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

EASTERN (ARABIA). 23

CONFIDENTIAL. *jc 3074*

[E 1558/121/91]

March 30, 1932.

SECTION 1.

Mr 12/4

No. 1.

Sir John Simon to Sir R. Lindsay (Washington).

(No. 389.)
Sir,

Foreign Office, March 30, 1932.

Mr. ATHERTON saw me this morning with reference to the transfer to the Eastern Gulf Oil Company of the oil concession which the Eastern and General Syndicate are seeking to obtain from the Sheikh of Koweit. General Dawes had mentioned this matter to me last December, and I had referred what he had said to the Colonial Office. Mr. Atherton indicated that the State Department were concerned at the lapse of time which had taken place without a reply from the British Government, especially as the Anglo-Persian Oil Company, a rival concern, has been in the meantime conducting geological investigations in the area, and has been following these up by an expedition equipped with drilling machinery and plant.

Mr. Atherton left with me a note which he had been instructed to deliver, and observed that inasmuch as a satisfactory arrangement had been made in reference to Bahrein, his Government considered that there ought to be no objection in the case of Koweit. I explained to him that my own absence at Geneva had to some extent delayed the reaching of a conclusion on the matter, but that I had, since my return, been studying it afresh. Several Departments were interested in the question and I hoped to have the opportunity of bringing the matter before the Cabinet at its next meeting in a week's time, after which I would communicate with him again.

I am, &c.
JOHN SIMON.

Enclosure in No. 1.

Mr. Atherton to Sir John Simon.

*United States Embassy,
London, March 29, 1932.*

Sir,

ACTING under instructions, I have the honour to inform you that my Government recalls the enquiry which it made through this Embassy in 1929 as to the policy of His Majesty's Government in the matter of the holding and operation of petroleum concessions by American nationals in British-protected Arab territories such as Bahrein. His Majesty's Government is aware of the solution subsequently arrived at in the specific case of the Eastern and General Syndicate which, on behalf of the Eastern Gulf Oil Company, was at that time seeking a modification of the so-called "nationality clause," the inclusion of which in any oil concessions granted by the Sheikh of Bahrein was being insisted upon by the Colonial Office. The arrangement then agreed upon had appeared to my Government only just in view of the extremely liberal treatment accorded in the United States and in its possessions in reference to the operation of petroleum concessions by British companies. My Government had therefore supposed that the policy of His Majesty's Government would be no less liberal in the matter of according open-door rights to American nationals in Koweit than it had shown itself to be in the almost identical case of Bahrein. The American Government sincerely trusts that it has been correct in this assumption and would appreciate an early indication that such is the case.

My Government understands that it is the policy of His Majesty's Government to require the companies seeking concessions in Arab States, such as Koweit, that such companies obtain the prior consent of the rulers of such States to the entry and operations of such companies in the territories in question. The American Government is informed that contrary to the impression that seems to

[408 gg-1]



have prevailed in the Colonial Office, the Sheikh of Koweit is understood to be quite agreeable to the specific entry of the Persian Gulf Oil Company and to the granting on behalf of that company of an oil concession without the inclusion of the "nationality clause." The American Government trusts that, in view of the apparent willingness of the sheikh in this matter, His Majesty's Government will see its way clear to taking up, in the case of the Koweit concession, no less liberal an attitude than was assumed in the case of the Bahrein concession.

The American Government understands that, despite the fact that the Colonial Office as early as 1925 gave its full and unqualified consent to the negotiation by the Eastern and General Syndicate of an oil concession with the Sheikh of Koweit, that office later qualified its consent by insisting upon the inclusion of the nationality clause in any agreement arrived at with the sheikh for the apparently specific purpose of preventing the entry into that territory of the Eastern Gulf Oil Company, which had meanwhile arrived at an understanding with the syndicate as to the transfer of any concessions that it might obtain from the sheikh. The continued insistence of the Colonial Office on this point and its apparent unwillingness to accord to that syndicate the same treatment as was accorded in the case of Bahrein has seriously handicapped the syndicate in bringing to a conclusion with the sheikh the negotiations which that concern was authorised by the Colonial Office to undertake.

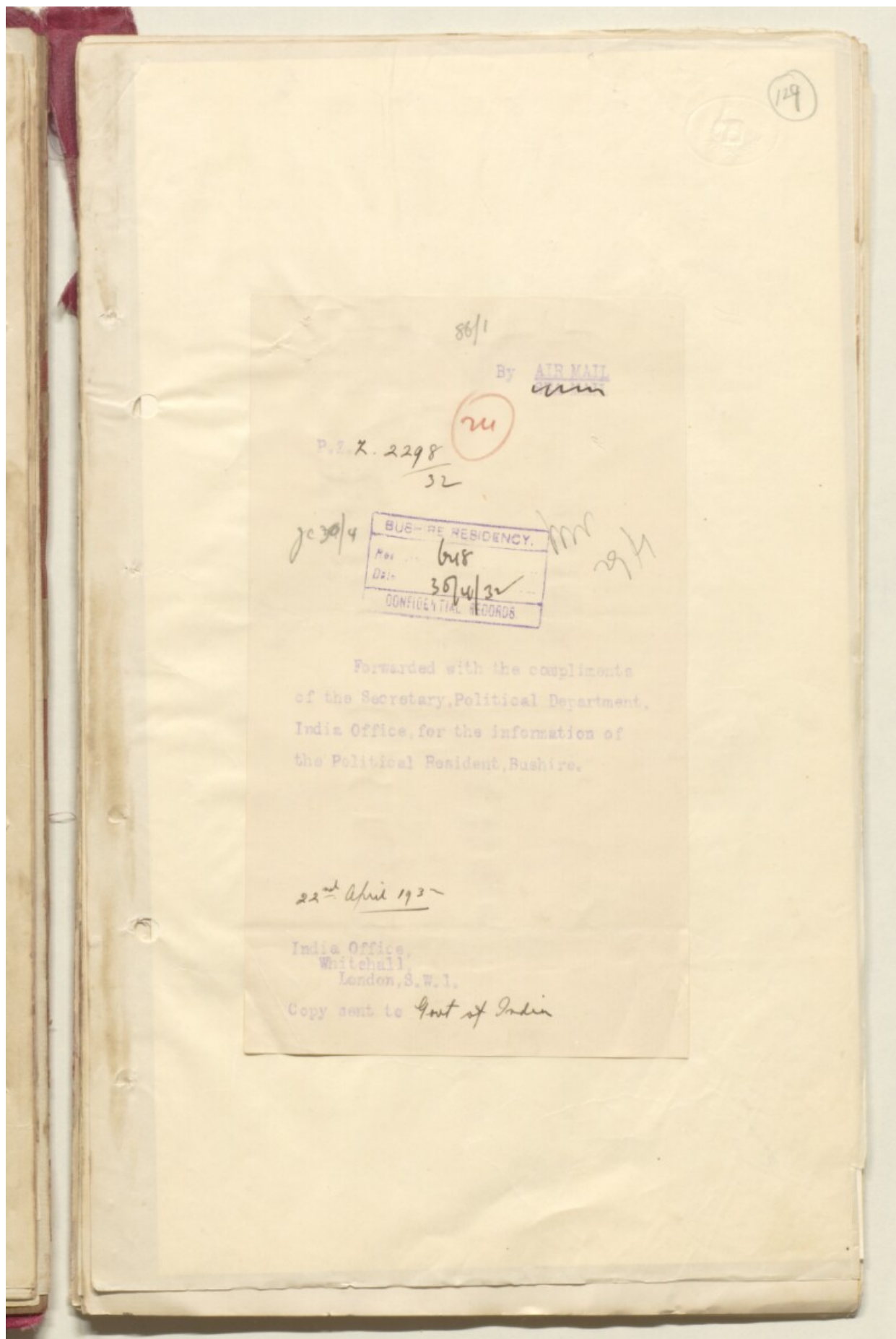
The above situation is further complicated by the fact that at the very moment while His Majesty's Government had under consideration the petition of the syndicate for the elimination or modification of the "nationality clause," permission was granted the Anglo-Persian Oil Company, a rival concern, to send a small party of geologists to Koweit for the purpose of studying the surface geology of the ground.

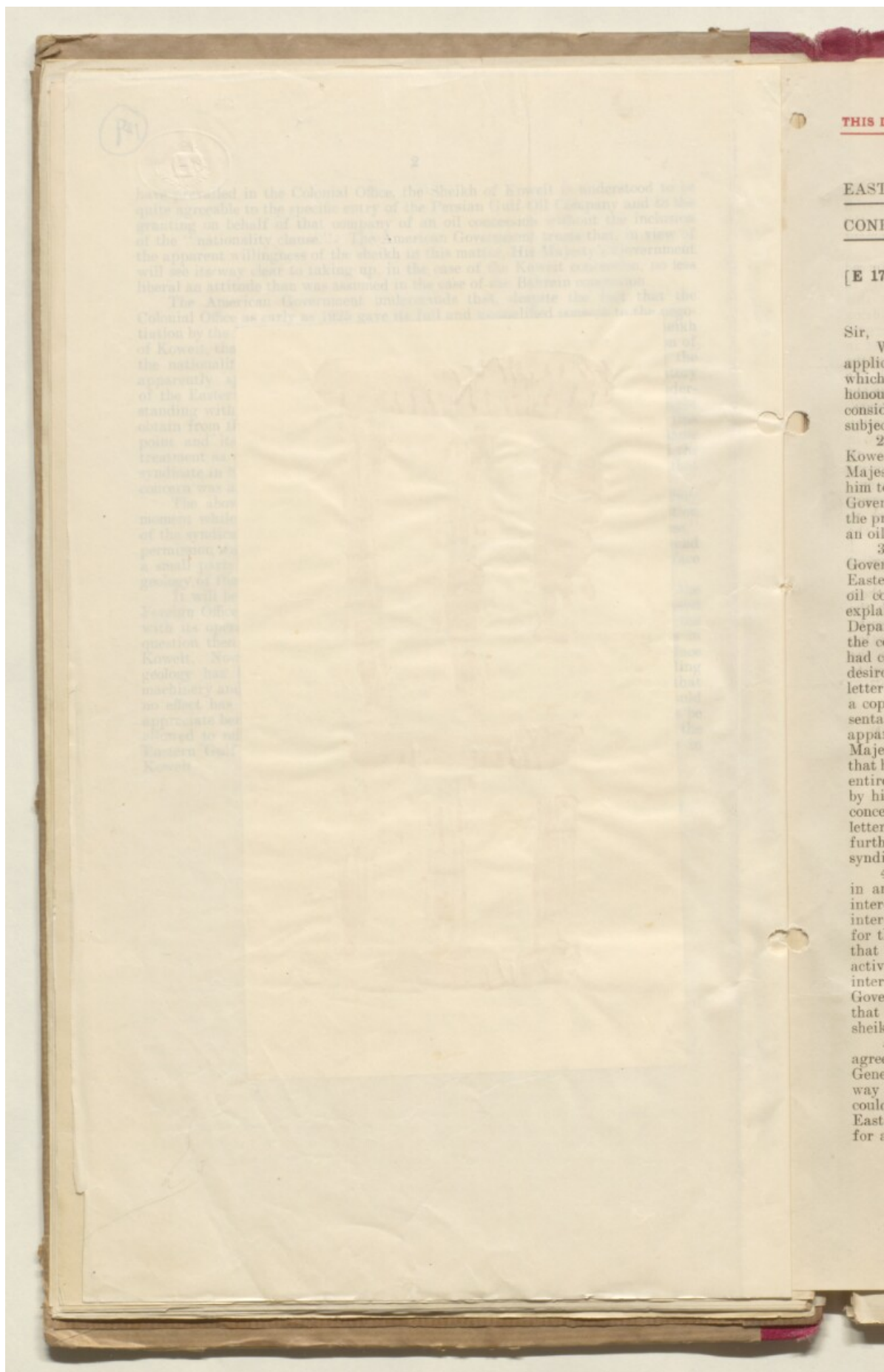
It will be recalled that this Embassy on repeated occasions requested of the Foreign Office that the company in question should not be permitted to proceed with its operations, pending a decision by His Majesty's Government on the question then before it regarding open-door rights for American nationals in Koweit. Now my Government has been informed that this study of the surface geology has been followed by a second expedition equipped with drilling machinery and plant. The Government of the United States greatly regrets that no effect has been given to this Embassy's request in this matter, but would appreciate being assured by His Majesty's Government that this fact will not be allowed to militate against the position of the syndicate and its affiliate, the Eastern Gulf Oil Company, in the eventual granting of an oil concession in Koweit.

I have, &c.

RAY ATHERTON,

Chargé d'Affaires ad interim.







THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

EASTERN (ARABIA).

CONFIDENTIAL.

[E 1733/121/91]

P.Z.
2293
1932

No. 1.

April 9, 1932.

SECTION 1.

Sir John Simon to Mr. Atherton.

Sir,

Foreign Office, April 9, 1932.

WITH reference to your note No. 1696 of the 29th March regarding the application of the Eastern and General Syndicate for an oil concession in Koweit, which they propose, if granted, to transfer to United States interests, I have the honour to inform you that His Majesty's Government have given careful consideration to the representations made by General Dawes and yourself on this subject, and I am now in a position to return you a reply.

2. Your Government will appreciate in the first place that the Sheikh of Koweit, though an independent ruler, is in special treaty relations with His Majesty's Government and enjoys their protection. These special relations lead him to seek their advice on important matters of policy, and place His Majesty's Government under an obligation to watch over his interests. Many years ago the predecessor of the present sheikh gave an undertaking that he would not grant an oil concession in his territories without their consent.

3. In paragraph 2 of your note of the 29th March you mention that your Government are informed that the sheikh is agreeable to the "entry of the Eastern Gulf Oil Company and to the granting on behalf of that company of an oil concession without the inclusion of the 'nationality clause.'" As was explained to you in a semi-official letter of the 22nd December last from my Department, His Majesty's Government, on learning this, felt some doubt as to the correctness of this interpretation of the sheikh's attitude, since the sheikh had consistently expressed himself emphatically to the local British authority as desirous of confining any oil concession to entirely British interests. In your letter of the 30th December you were good enough to transmit for my information a copy and translation of a letter from the sheikh to Major Holmes, the representative of the Eastern and General Syndicate, on which the American interests apparently based the information on this point given to your Government. His Majesty's Government have caused enquiry to be made of the sheikh, who replied that he was still averse from receiving in his principality a company other than an entirely British one and that he did not consider himself as in any way committed by his letter to Major Holmes to grant the Eastern and General Syndicate the concession which they seek. It will be observed from a reference to the sheikh's letter that its final sentence only expresses a readiness to discuss the matter further with Major Holmes after agreement has been reached between the syndicate and His Majesty's Government.

4. When examining the necessity for the continued insistence on the inclusion in any oil concession in respect of Koweit of a clause confining it to British interests, His Majesty's Government have been concerned not only with their own interests in the matter, but also with their duty to secure the best terms possible for the Sheikh of Koweit, and, in particular, have had regard to the possibility that it would be less difficult for the local British authorities to control the activities of a purely British concern and to reconcile them with the sheikh's interests. On a balance of all the conflicting considerations, His Majesty's Government are, however, now prepared, for their part, not to insist in this case that any concession must contain a clause confining it to British interests, if the sheikh for his part is willing to grant a concession without such a clause.

5. I wish, however, to make it clear that this decision does not imply agreement in the immediate grant of the proposed concession to the Eastern and General Syndicate, to which the sheikh, as stated above, considers himself in no way committed. His Majesty's Government indeed do not consider that they could properly advise the sheikh to give prior or preferential treatment to the Eastern and General Syndicate, but hold it to be necessary that any application for a concession which may be forthcoming from any quarter be examined with

[435 i-1]

ENCLOSURE IN WEEKLY LETTER
No. 216 21 APR 1932
FROM SECRETARY, POLITICAL AND
SECRET DEPT. INDIA OFFICE



2

a view to decide which, if any, will best serve the interests of the sheikh and his principality. I should add that the draft concession submitted to the Colonial Office by the syndicate would in any case need revision, both in respect of the provisos designed to safeguard the interests of His Majesty's Government (clause 8) and on many points affecting the interests of the sheikh.

6. In paragraphs 4 and 5 of your note of the 29th March you have referred to the operations now being carried out by the Anglo-Persian Oil Company in Koweit and reminded me of the requests made to my Department that this company should not be permitted to proceed with its operations pending a decision by His Majesty's Government as to the exclusion of all but British interests. I would explain that the Anglo-Persian Oil Company manifested an interest in Koweit oil, and, indeed, made a formal application for a concession before the Eastern and General Syndicate had even appeared on the scene, though the negotiations were at that time not brought to a conclusion, chiefly because the terms suggested were not satisfactory. Several months before any representations were made by General Dawes or yourself in the matter, the Anglo-Persian Oil Company made a request for permission to carry out a geological survey in Koweit with a view to decide whether to submit an application for an oil concession. In order to ensure that any oil concession which the sheikh may grant shall embody the best available terms, it is, in the view of His Majesty's Government, desirable and proper that any interested companies be given every opportunity in advance of satisfying themselves, whether or not they wish to submit an offer. His Majesty's Government therefore raised no objection to the grant by the sheikh of the application of the Anglo-Persian Oil Company. I understand that their present activities in Koweit are confined to such a geological survey.

7. The position therefore is that His Majesty's Government, for their part, are prepared to agree to the omission from any oil concession, which the sheikh may be prepared to grant, of a clause confining it to British interests. If, therefore, the Eastern and General Syndicate desire to renew their application to the sheikh for a concession, which they would subsequently transfer to the Eastern Gulf Oil Company, His Majesty's Government will raise no objection to the application being taken into consideration together with any other applications for oil concessions which may be forthcoming from other quarters.

I have, &c.

JOHN SIMON.

Copy sent to P.A., Kuwait with D.O. no.

301-S, d. 13.5.32. - 139

J.C.



86/1 (131)
123

Confidential.

D.O.No.60. Political Agency, Kuwait.
Dated the 28th April 1932.

BUSHIRE RESIDENCY
No. 657
Date 3/5/32
CONFIDENTIAL RECORDS

jc 3/5
My dear Colonel Biscoe
p 119

Reference my confidential despatch No.53 dated the 15th April 1932 and paragraph 8.

2. I send you a line to tell you that Holmes arrived from Bahrain yesterday (27th April 1932).

3. He was welcomed on board by one of the Shaikh's representatives and a special launch was sent out to bring him ashore.

4. Holmes dined alone with the Shaikh the same evening at Dasman.

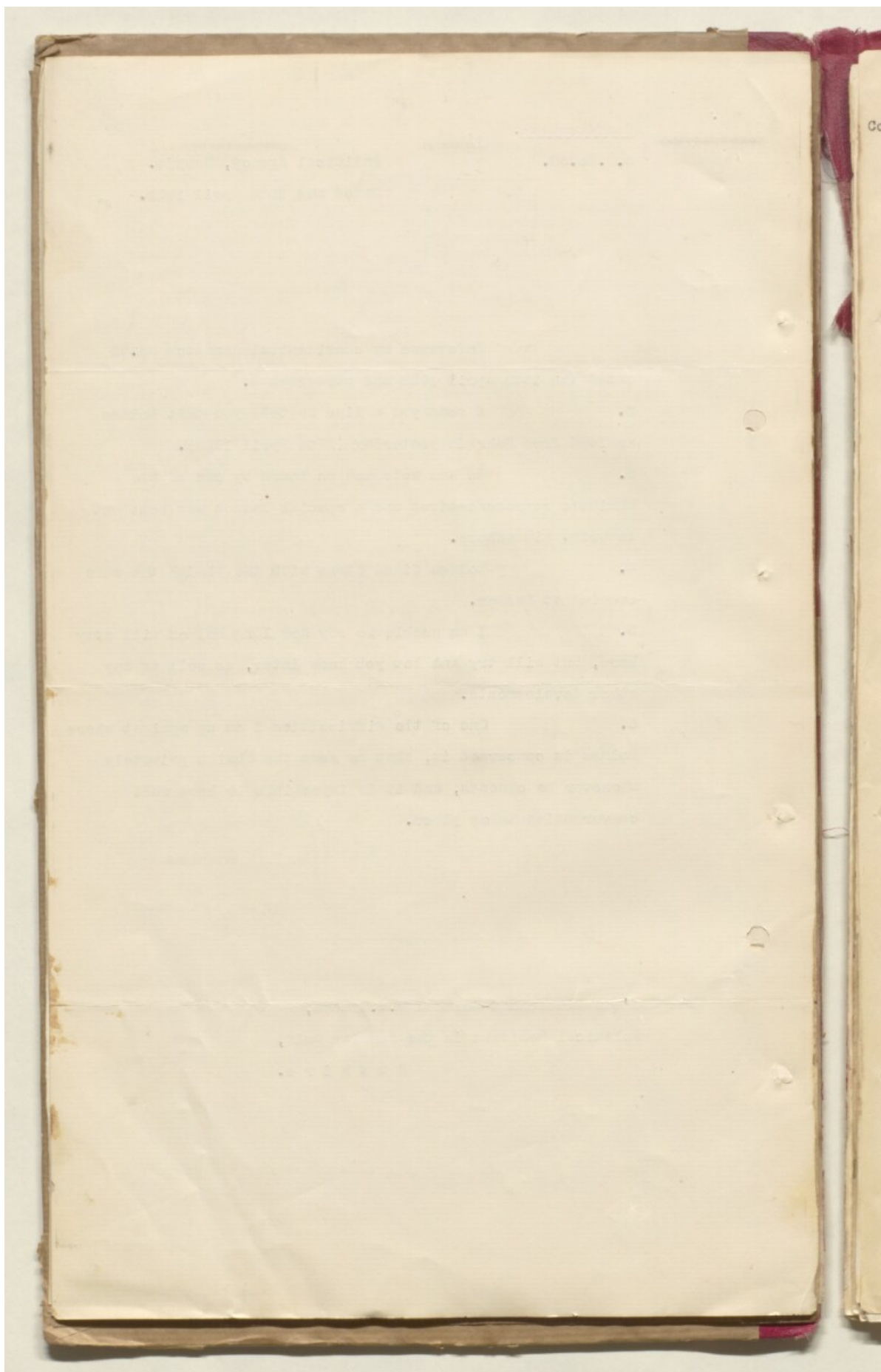
5. I am unable to say how long Holmes will stay here, but will try and let you know later, as well as any other developments.

6. One of the difficulties I am up against where Holmes is concerned is, that he sees the Shaikh privately whenever he chooses, and it is impossible to know what conversation takes place.

W. D. Dicken
W. D. Dicken

To
The Hon'ble Lieutenant-Colonel H.V.Biscoe,
Political Resident in the Persian Gulf,
B u s h i r e.

CA. P.R. shown this as about to leave.
H. 2/5





Confidential.

86/1
124 (132)
No.F.282-N/28.

gc 5/5
A copy of the undermentioned paper is forwarded to the Hon'ble the Political Resident in the Persian Gulf, for information in continuation of endorsement from the Government of India in the Foreign and Political Department No.F.282-N/28, dated the 15th April 1932.

BUSHIRE RESIDENCY. By order, etc.,	
Recd. No.	679
Date	27/5/32
CONFIDENTIAL RECORDS	

W. L. M. M.
Assistant Secretary to the Government of India.

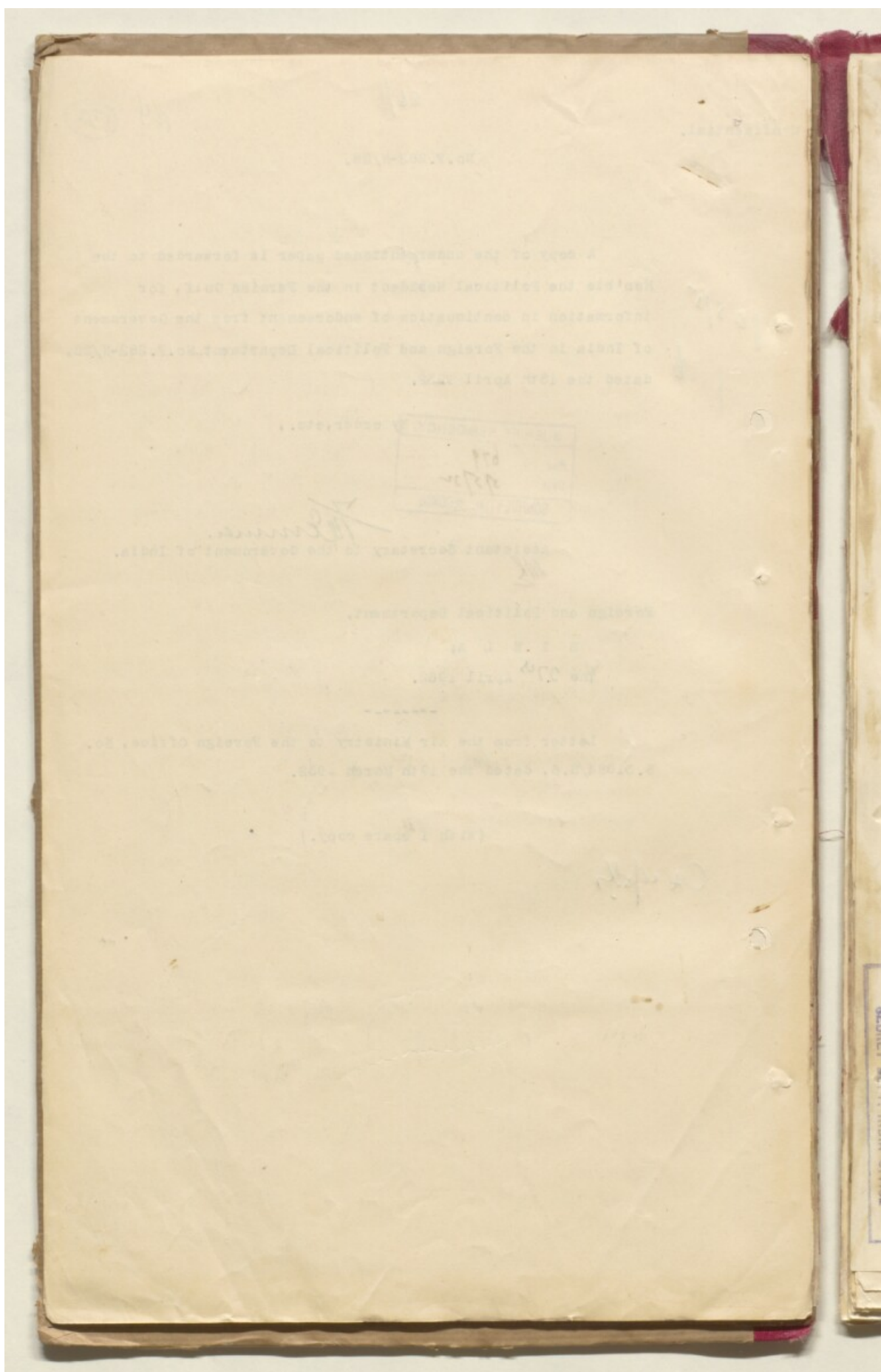
W. L. M. M.
Foreign and Political Department,

S I M L A;
The 27th April 1932.

Letter from the Air Ministry to the Foreign Office, No. S.31084/S.6, dated the 19th March 1932.

(With 1 spare copy.)

CA 4/5/32





125 (133)
(P.Z. 1767/32)

Enclosure in Air Ministry covering letter No.
S.31084/S.6, dated 19th March, 1932.

S.31084/S.6.

SECRET.

19th March, 1932.

Sir,

I am commanded by the Air Council to refer to the meeting which took place at the Foreign Office on the 11th March to consider the reply to be made to the American representations regarding the proposed ^{oil} concession in Koweit and to request that you will lay before the Secretary of State for Foreign Affairs the following observations.

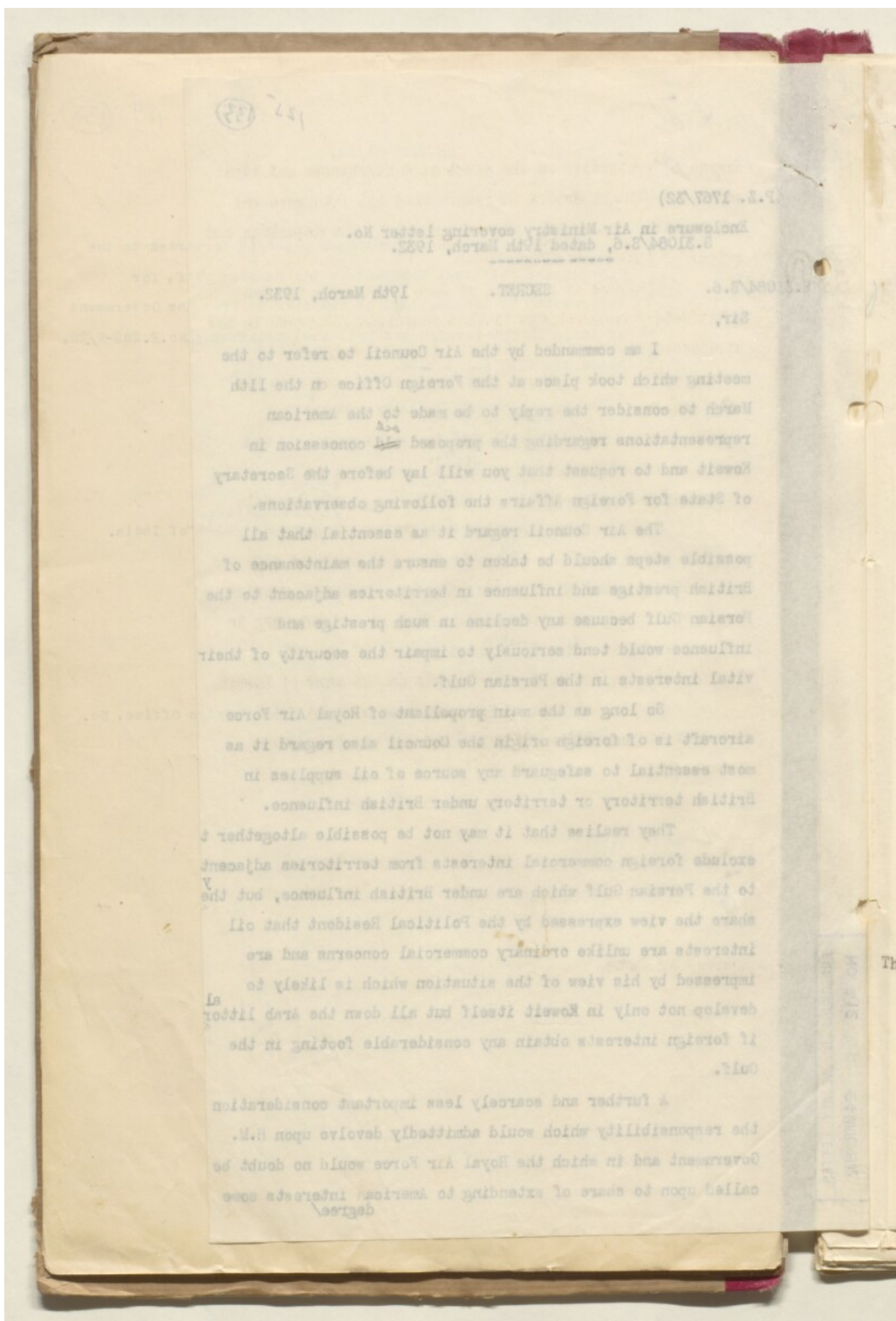
The Air Council regard it as essential that all possible steps should be taken to ensure the maintenance of British prestige and influence in territories adjacent to the Persian Gulf because any decline in such prestige and influence would tend seriously to impair the security of their vital interests in the Persian Gulf.

So long as the main propellant of Royal Air Force aircraft is of foreign origin the Council also regard it as most essential to safeguard any source of oil supplies in British territory or territory under British influence.

They realise that it may not be possible altogether to exclude foreign commercial interests from territories adjacent to the Persian Gulf which are under British influence, but they share the view expressed by the Political Resident that oil interests are unlike ordinary commercial concerns and are impressed by his view of the situation which is likely to develop not only in Koweit itself but all down the Arab littoral if foreign interests obtain any considerable footing in the Gulf.

A further and scarcely less important consideration the responsibility which would admittedly devolve upon H.M. Government and in which the Royal Air Force would no doubt be called upon to share of extending to American interests some degree/

ENCLOSURE IN A.F. LETTER
NO. 212
24 MAR. 1932
FROM SECRETARY, POLITICAL AND
SECRET WFT. INDIA OFFICE





126 (134)
degree of protection in the event of disturbances and here again the Council desire to remark that oil interests are unlike other commercial interests owing to the magnitude and extent of their activities.

Failure on the part of H.M. Government to give satisfactory undertakings in this respect might react to the disadvantage of British interests in maintaining the independence of Koweit and lead to complications with the neighbouring territories of Nejd and Iraq astride the strategic air route to the East. The maintenance of the independence of Koweit under British influence is accordingly a matter of great concern to the Air Council.

In these circumstances they desire strongly to support the view of the Admiralty that the terms of any concession granted to American interests in Koweit require the most careful consideration and that it is necessary to include a clause ensuring British control of all oil developments in the Gulf particularly in the case of Koweit.

Copies of this letter have been sent to the Colonial Office, India Office, Admiralty and Petroleum Department.

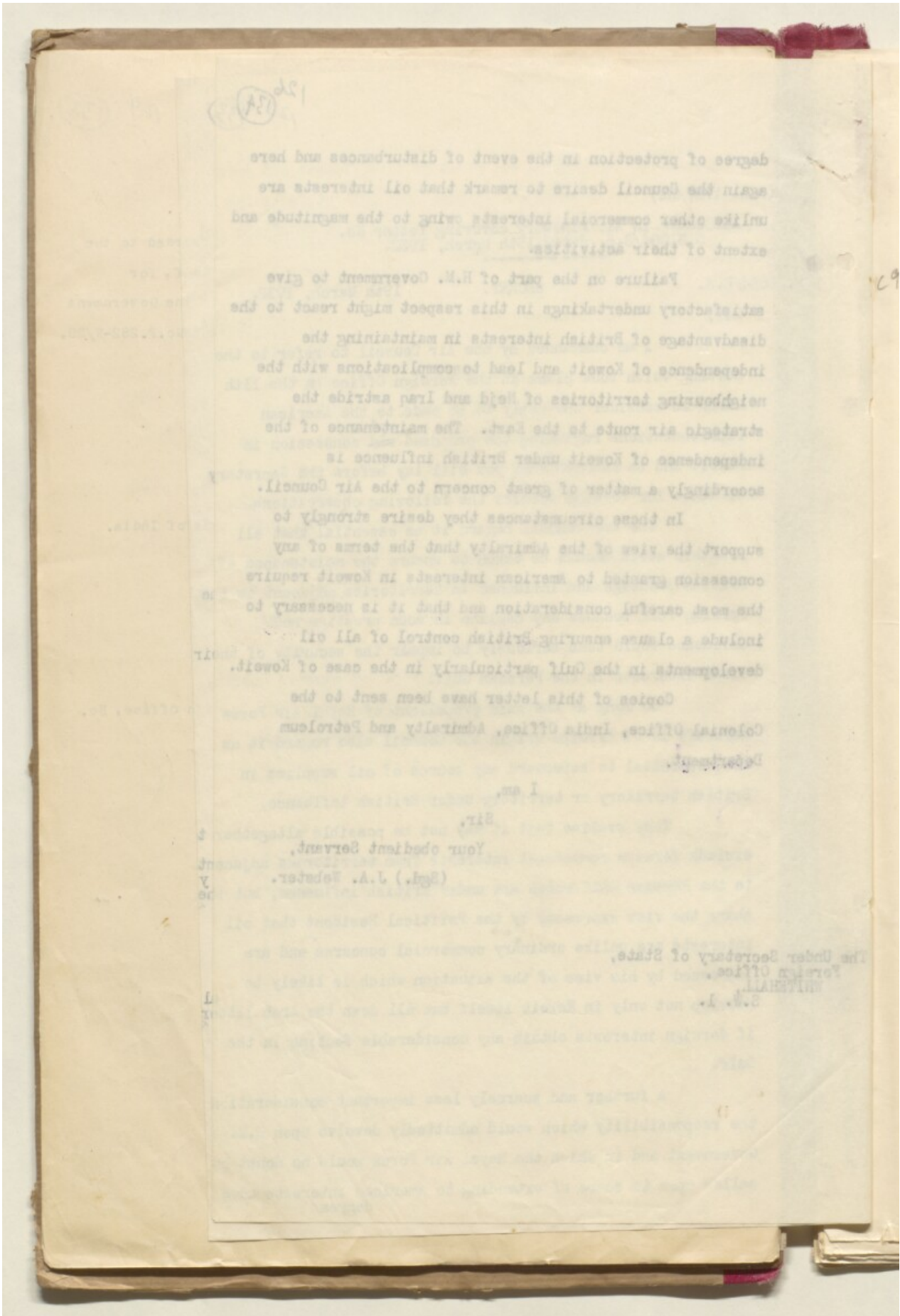
I am,

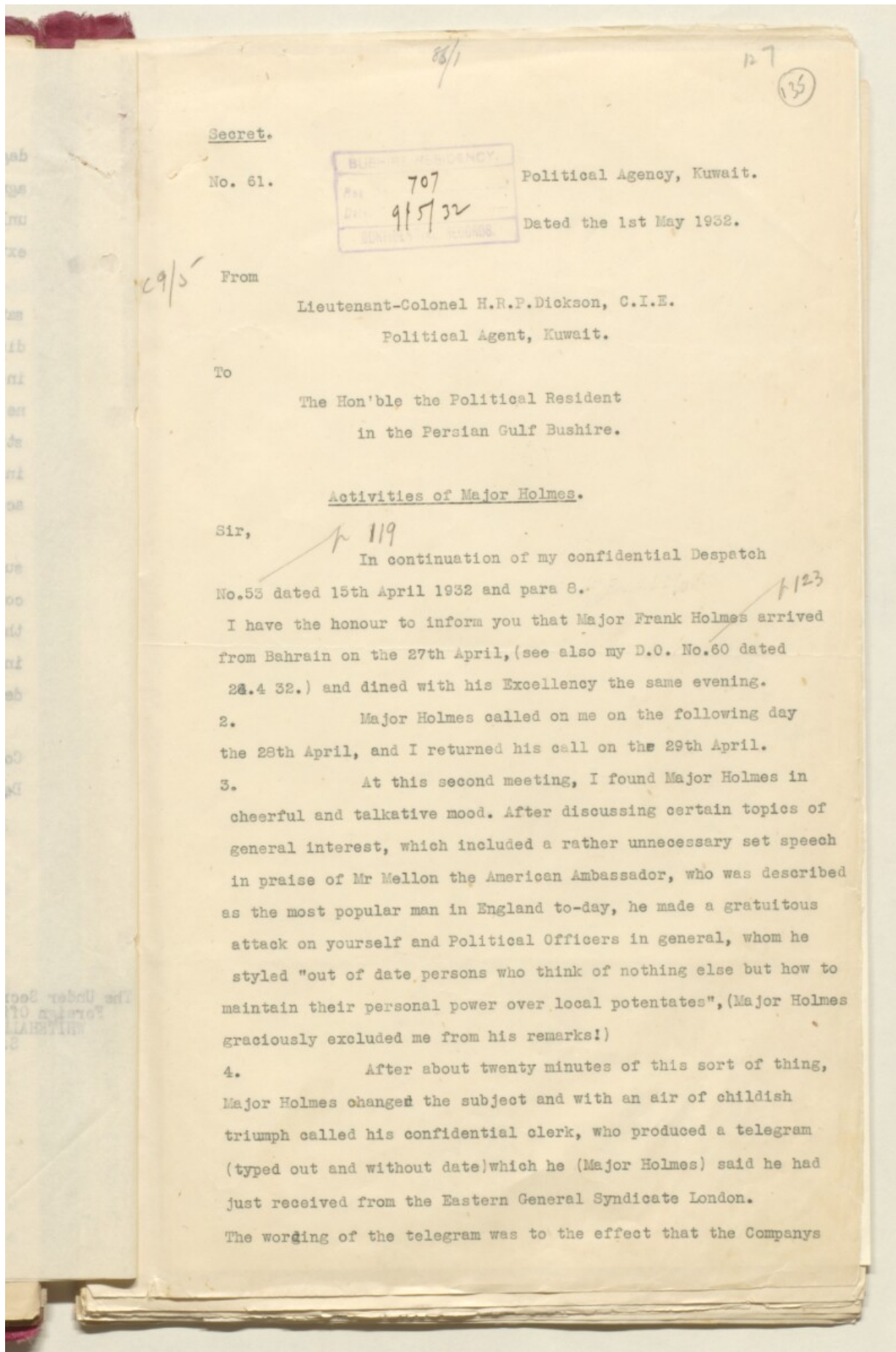
Sir,

Your obedient Servant,

(Sgd.) J.A. Webster.

The Under Secretary of State,
Foreign Office,
WHITEHALL,
S.W. 1.





Secret.

No. 61.

Political Agency, Kuwait.

Dated the 1st May 1932.

From

Lieutenant-Colonel H.R.P. Dickson, C.I.E.
Political Agent, Kuwait.

To

The Hon'ble the Political Resident
in the Persian Gulf Bushire.

Activities of Major Holmes.

Sir,

In continuation of my confidential Despatch
No. 53 dated 15th April 1932 and para 8.

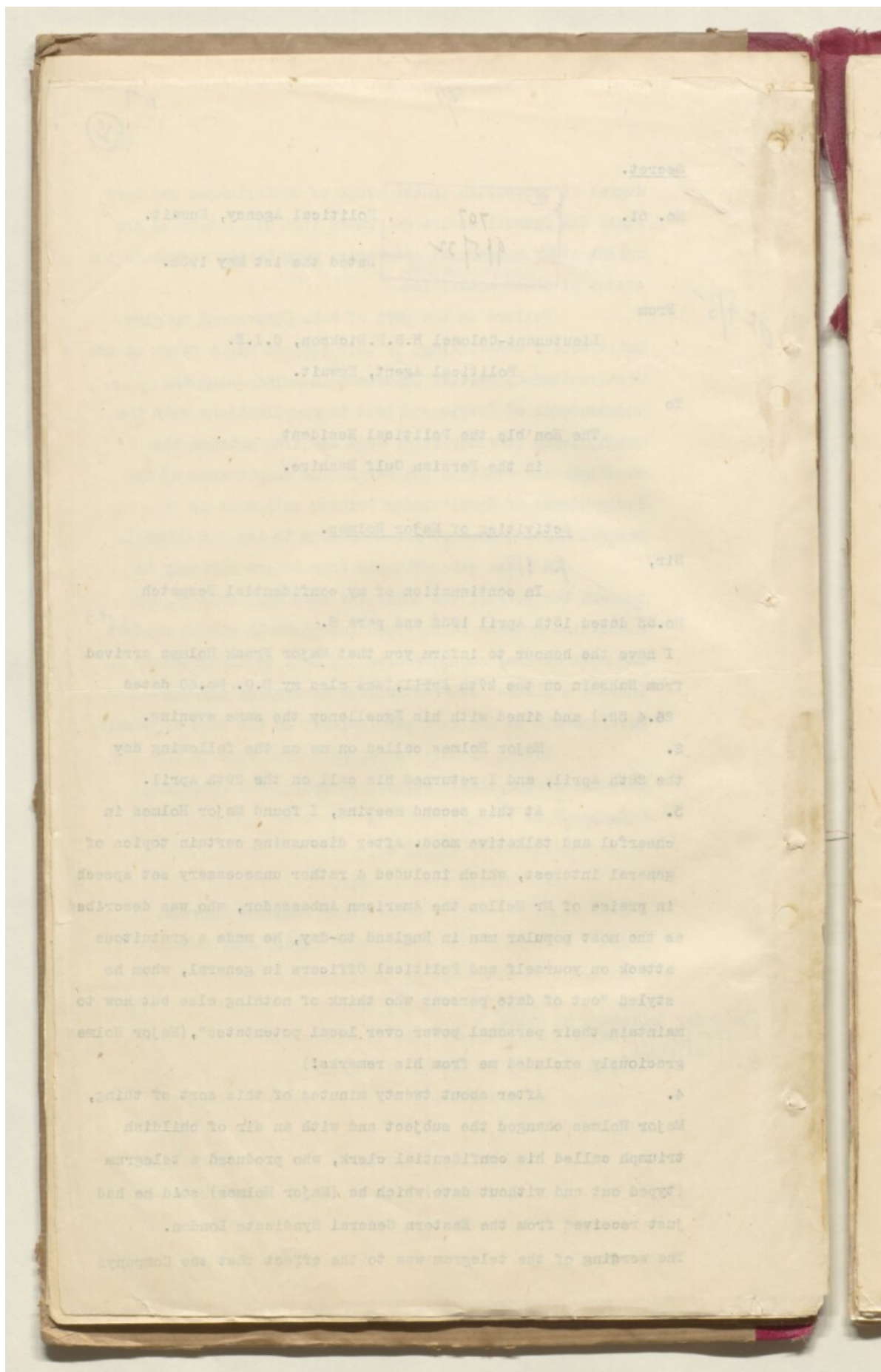
I have the honour to inform you that Major Frank Holmes arrived
from Bahrain on the 27th April, (see also my D.O. No. 60 dated
28.4.32.) and dined with his Excellency the same evening.

2. Major Holmes called on me on the following day
the 28th April, and I returned his call on the 29th April.

3. At this second meeting, I found Major Holmes in
cheerful and talkative mood. After discussing certain topics of
general interest, which included a rather unnecessary set speech
in praise of Mr Mellon the American Ambassador, who was described
as the most popular man in England to-day, he made a gratuitous
attack on yourself and Political Officers in general, whom he
styled "out of date persons who think of nothing else but how to
maintain their personal power over local potentates", (Major Holmes
graciously excluded me from his remarks!)

4. After about twenty minutes of this sort of thing,
Major Holmes changed the subject and with an air of childish
triumph called his confidential clerk, who produced a telegram
(typed out and without date) which he (Major Holmes) said he had
just received from the Eastern General Syndicate London.

The wording of the telegram was to the effect that the Company's





128 (136)
2.

Company's American principals had been informed by the American State Department that the London Foreign Office had addressed them as follows on the subject of the Kuwait oil Concession, quote,

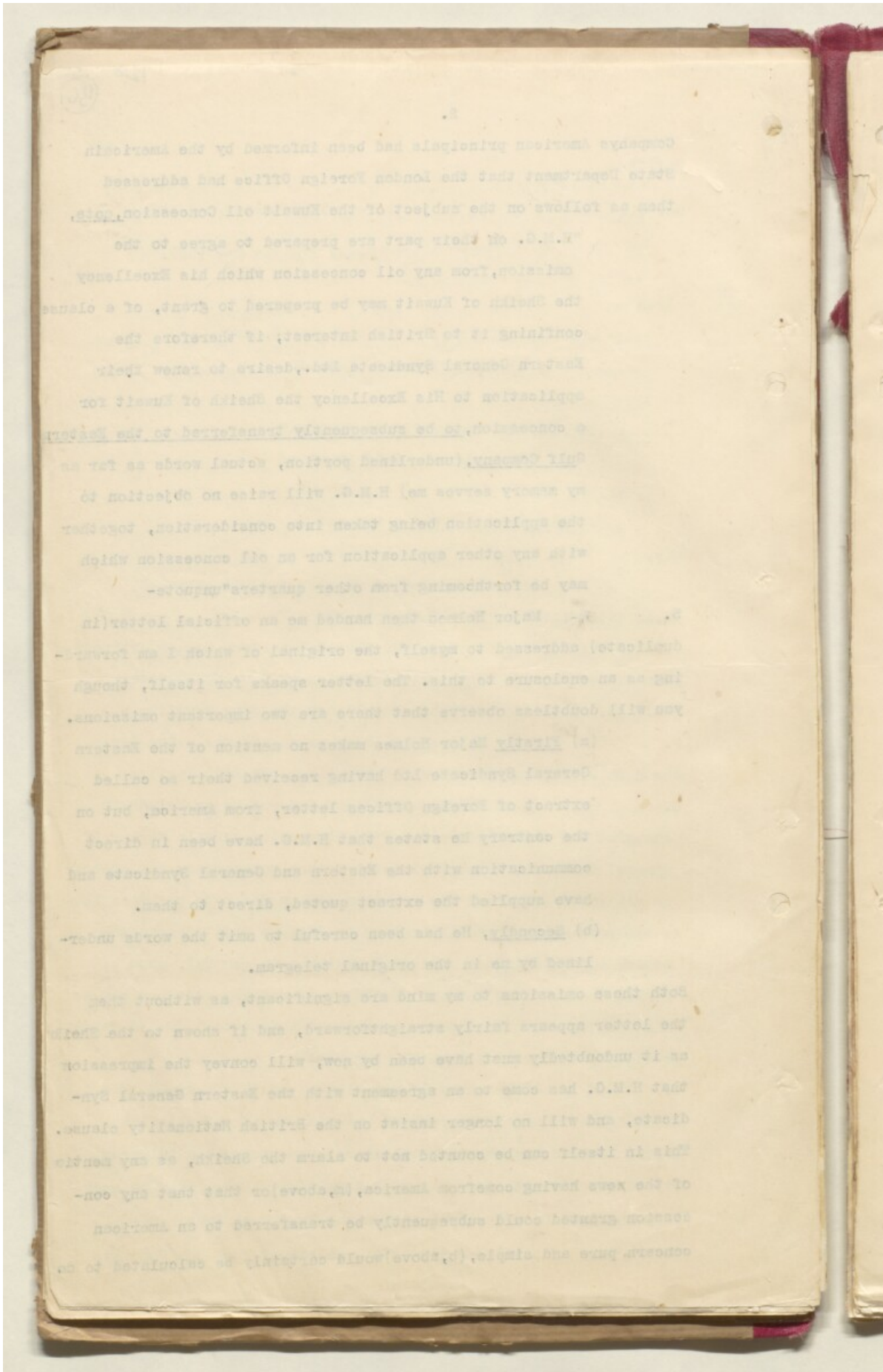
"H.M.G. on their part are prepared to agree to the omission, from any oil concession which his Excellency the Sheikh of Kuwait may be prepared to grant, of a clause confining it to British interest; if therefore the Eastern General Syndicate Ltd., desire to renew their application to His Excellency the Sheikh of Kuwait for a concession, to be subsequently transferred to the Eastern Gulf Company, (underlined portion, actual words as far as my memory serves me) H.M.G. will raise no objection to the application being taken into consideration, together with any other application for an oil concession which may be forthcoming from other quarters" unquote-

5. Major Holmes then handed me an official letter (in duplicate) addressed to myself, the original of which I am forwarding as an enclosure to this. The letter speaks for itself, though you will doubtless observe that there are two important omissions.

(a) Firstly Major Holmes makes no mention of the Eastern General Syndicate Ltd having received their so called extract of Foreign Office's letter, from America, but on the contrary he states that H.M.G. have been in direct communication with the Eastern and General Syndicate and have supplied the extract quoted, direct to them.

(b) Secondly, He has been careful to omit the words underlined by me in the original telegram.

Both these omissions to my mind are significant, as without them the letter appears fairly straightforward, and if shown to the Sheikh as it undoubtedly must have been by now, will convey the impression that H.M.G. has come to an agreement with the Eastern General Syndicate, and will no longer insist on the British Nationality clause. This in itself can be counted not to alarm the Sheikh, as any mention of the news having come from America, (a, above) or that that any concession granted could subsequently be transferred to an American concern pure and simple, (b, above) would certainly be calculated to do





3.

129 (37)

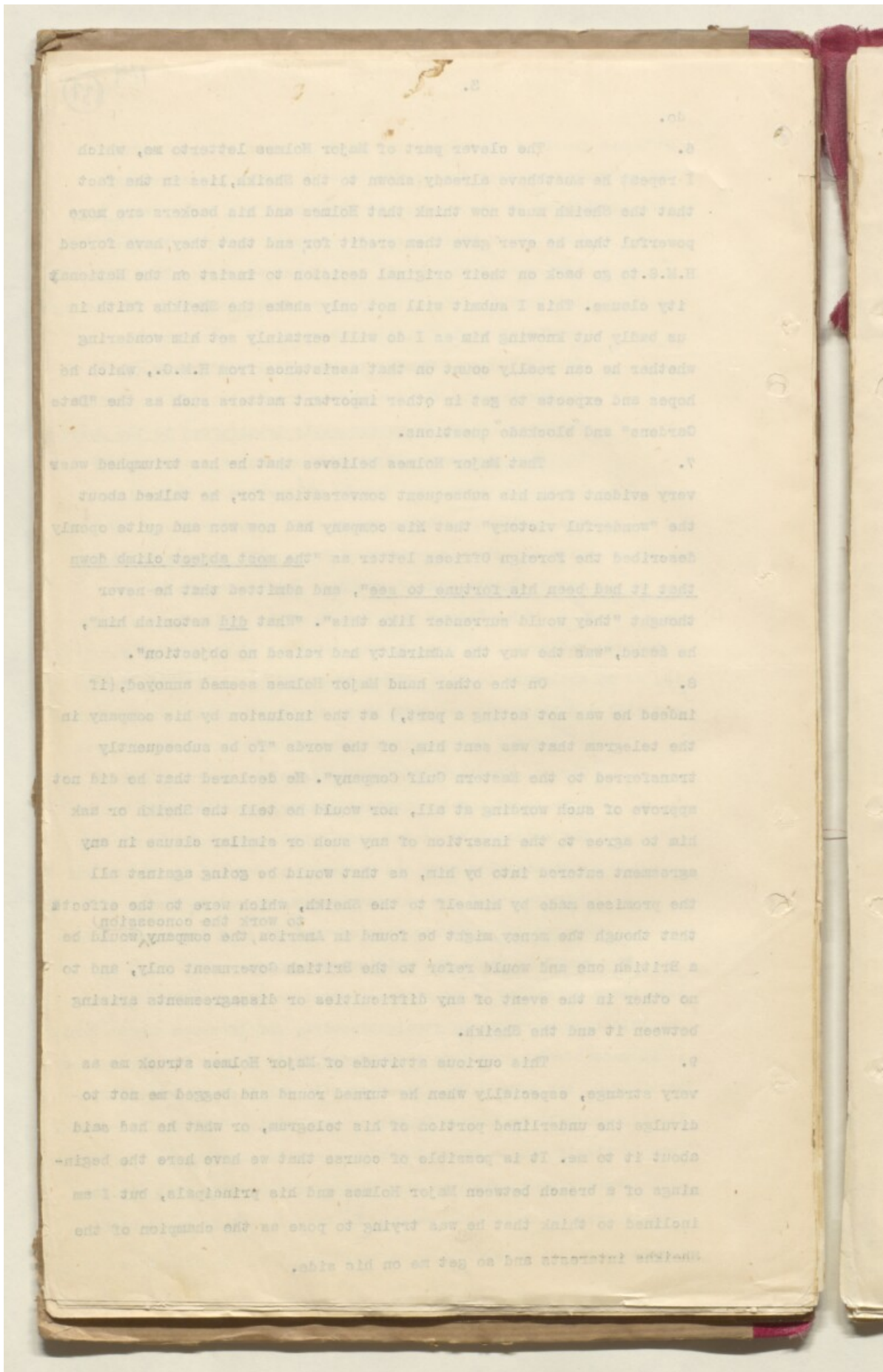
do.

6. The clever part of Major Holmes letter to me, which I repeat he must have already shown to the Sheikh, lies in the fact that the Sheikh must now think that Holmes and his backers are more powerful than he ever gave them credit for, and that they have forced H.M.G. to go back on their original decision to insist on the Nationality clause. This I submit will not only shake the Sheikh's faith in us badly, but knowing him as I do will certainly set him wondering whether he can really count on that assistance from H.M.G., which he hopes and expects to get in other important matters such as the "Date Gardens" and "blockade" questions.

7. That Major Holmes believes that he has triumphed was very evident from his subsequent conversation for, he talked about the "wonderful victory" that his company had now won and quite openly described the Foreign Office's letter as "the most abject climb down that it had been his fortune to see", and admitted that he never thought "they would surrender like this". "What did astonish him", he added, "was the way the Admiralty had raised no objection".

8. On the other hand Major Holmes seemed annoyed, (if indeed he was not acting a part,) at the inclusion by his company in the telegram that was sent him, of the words "To be subsequently transferred to the Eastern Gulf Company". He declared that he did not approve of such wording at all, nor would he tell the Sheikh or ask him to agree to the insertion of any such or similar clause in any agreement entered into by him, as that would be going against all the promises made by himself to the Sheikh, which were to the effect ^{to work the concession} that though the money might be found in America, the company would be a British one and would refer to the British Government only, and to no other in the event of any difficulties or disagreements arising between it and the Sheikh.

9. This curious attitude of Major Holmes struck me as very strange, especially when he turned round and begged me not to divulge the underlined portion of his telegram, or what he had said about it to me. It is possible of course that we have here the beginnings of a breach between Major Holmes and his principals, but I am inclined to think that he was trying to pose as the champion of the Sheikh's interests and so get me on his side.





4.

130 (38)

side.

10. During our subsequent talk Major Holmes touched on the "famous" Arabic letter which he had got out of the Sheikh during my absence in England last year. He appeared to think that he had done a very "smart" thing, and admitted that he had only waited till I went, to bring off his "coup". "I knew" he said, "that I could get past Dr Greenway, a good but simple sort of fellow". When I suggested that to decent people his conduct on that occasion savoured distinctly of the "shady", he denied that this view could be taken by any sensible person.

11. Having given you the substance of my talk with Major Holmes, I would ask that I be favoured with very early orders, as to how I should reply to his letter to me. Major Holmes is aware that I am referring the matter to you and you can rest assured that he has already given the Sheikh a translation of his telegram from the Eastern General Syndicate, omitting those portions mentioned in para 5 above as well as a copy of his letter to me.

12. If it is an actual fact that H.M.G. have also told Major Holmes Company, the Eastern General Syndicate London, that they can go ahead now without a British Nationality clause, the only course would appear to be to tell the truth to the Sheikh and to allow Major Holmes to reopen negotiations for his oil agreement. Both parties however should be informed officially, and for preference by you direct I think, that H.M.G. still reserve the right to examine and approve of the actual terms of any agreement come to before it is signed by either party. In this way only can we insure that the Sheikh gets a fair deal, does not sign away his birthright and that our interests are safeguarded.

13. I am sending you 4 copies of this despatch.

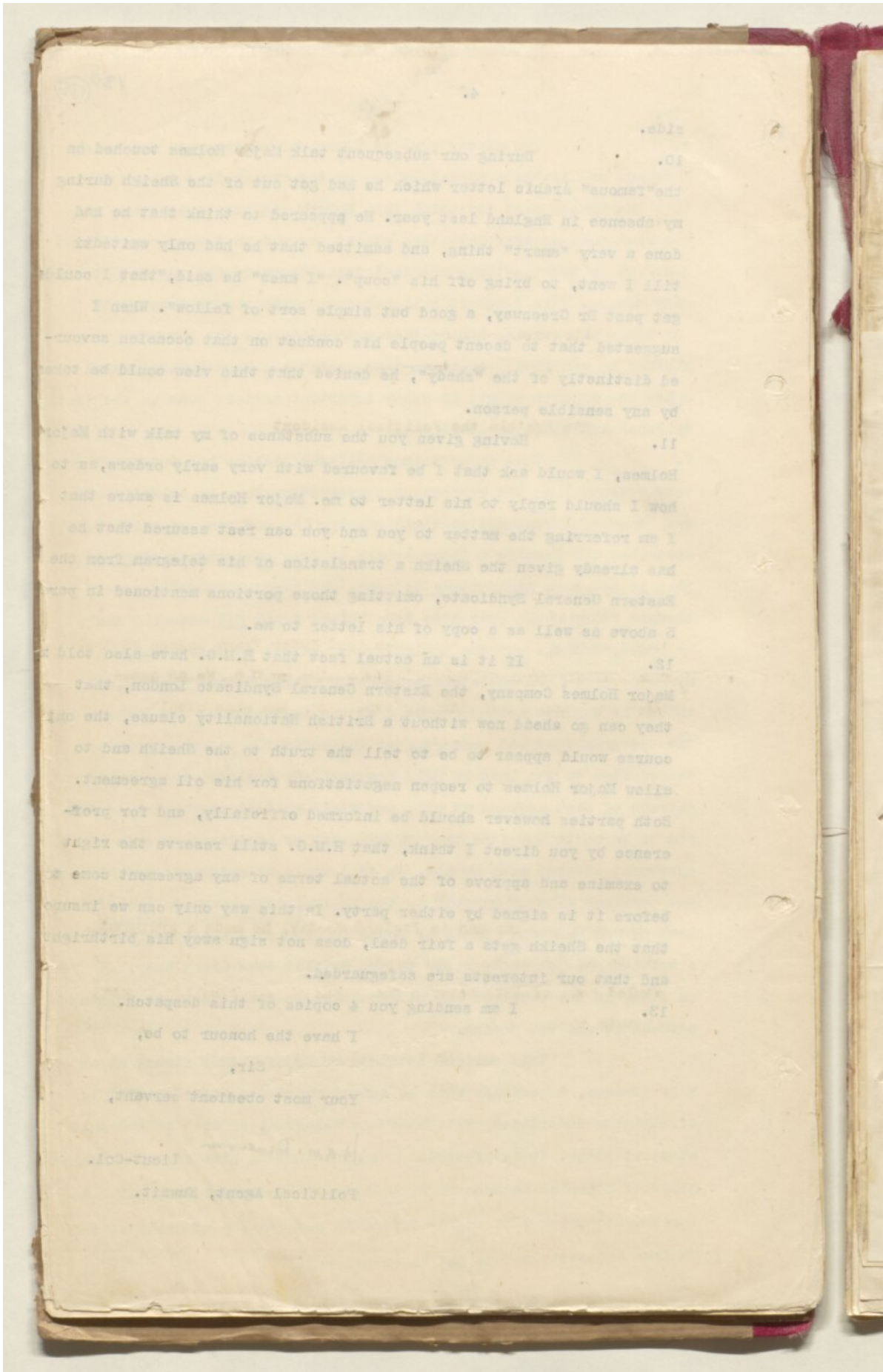
I have the honour to be,

Sir,

Your most obedient servant,

John D. Wilson Lieut-Col.

Political Agent, Kuwait.





EASTERN AND GENERAL SYNDICATE LIMITED. (139)

TELEGRAPHIC ADDRESS:
"EASGENSYND, CANNON, LONDON"

DIRECTORS:
F. W. GAMBLE.
E. W. JANSON.
PERCY TARBUTT.



Kuwait. 29th, April 1932.

To.

His B. Maj's Political Agent,
K U W A I T.

Dear Sir,

I have been instructed by my London Office to renew on behalf of The Eastern & General Syndicate Limited the application to His Excellency Sheikh Sir Ahmad Aljabir Al-Subah K.C.I.E. C.S.I. Ruler of Kuwait, for an oil concession within His Excellency's territory.

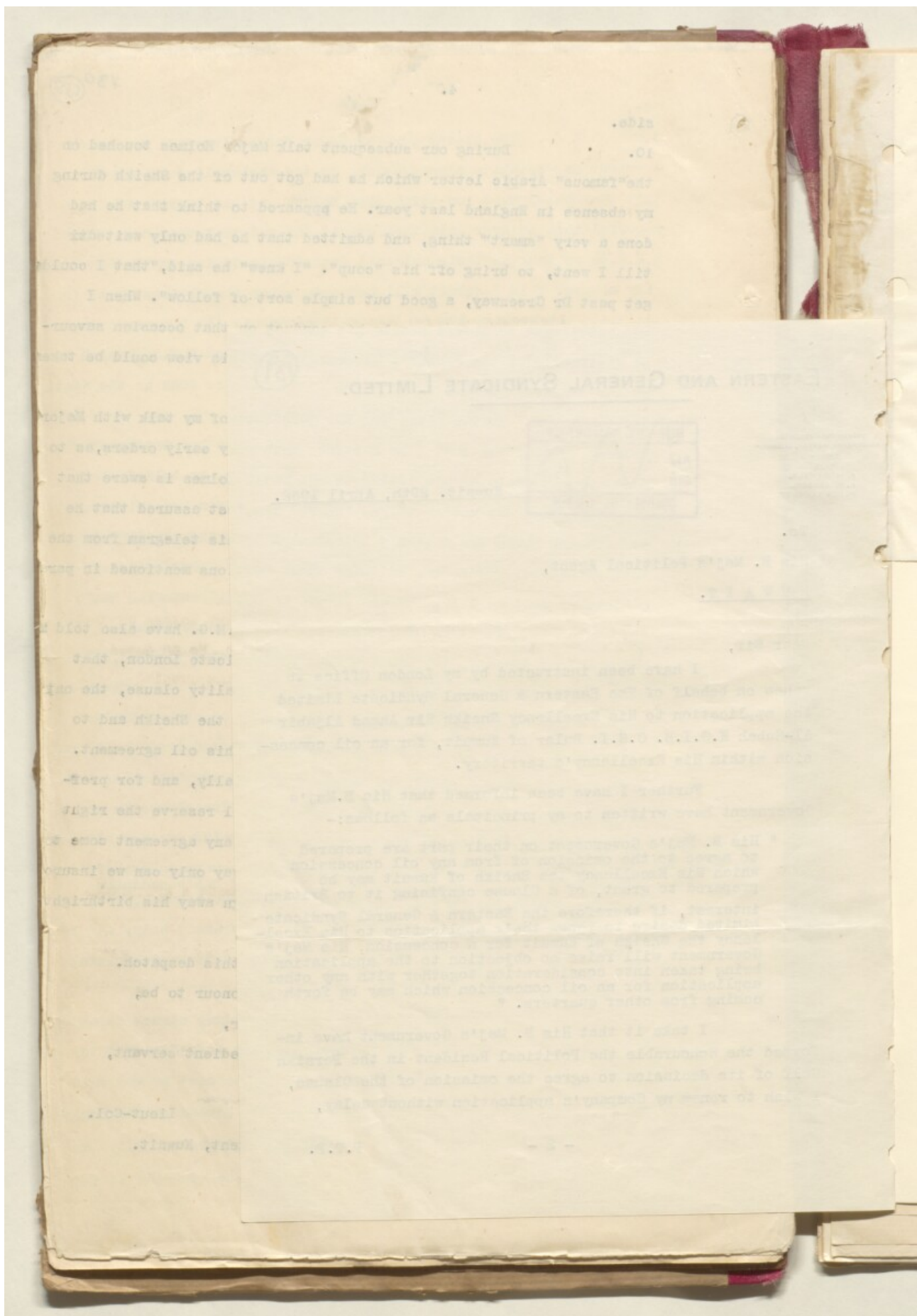
Further I have been informed that His B.Maj's Government have written to my principals as follows:-

" His B. Maj's Government on their part are prepared to agree to the omission of from any oil concession which His Excellency the Sheikh of Kuwait may be prepared to grant, of a Clause confining it to British interest, if therefore the Eastern & General Syndicate Limited desire to renew their application to His Excellency the Sheikh of Kuwait for a concession, His Maj's Government will raise no objection to the application being taken into consideration together with any other application for an oil concession which may be forthcoming from other quarters. "

I take it that His B. Maj's Government have informed the Honourable the Political Resident in the Persian Gulf of its decision to agree the omission of the Clause, I wish to renew my Company's application without delay,

- 2 -

P.T.P.





- 2 -

140 132
Kuwait.29-4-1932.

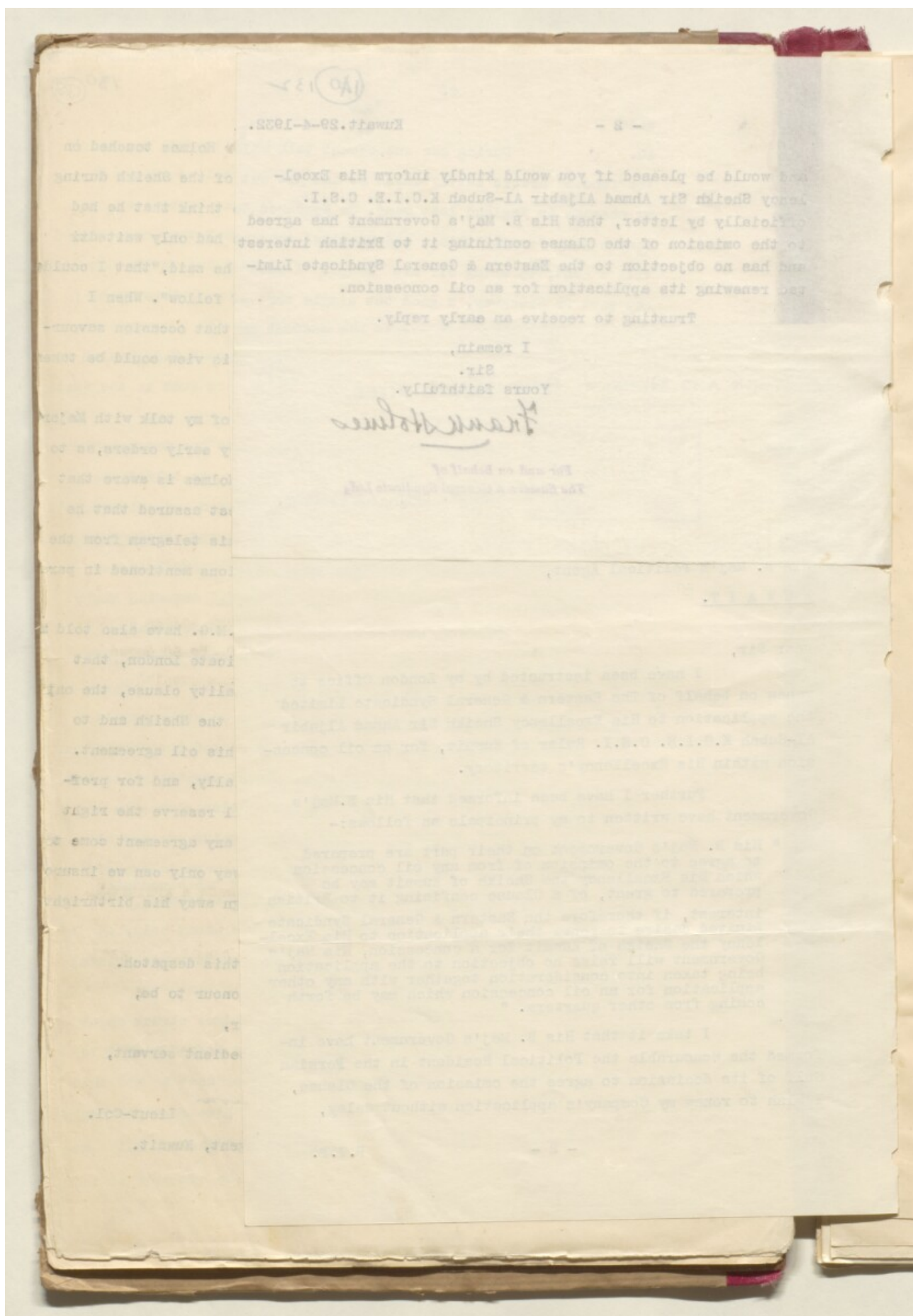
and would be pleased if you would kindly inform His Excellency Sheikh Sir Ahmad Aljabir Al-Subah K.C.I.E. C.S.I. officially by letter, that His B. Maj's Government has agreed to the omission of the Clause confining it to British interest and has no objection to the Eastern & General Syndicate Limited renewing its application for an oil concession.

Trusting to receive an early reply.

I remain,
Sir.
Yours faithfully.

Frank Holmes

*For and on behalf of
The Eastern & General Syndicate Ltd.*





86/1 II (D 78) 141r
Telegram R.30
From Secretary of State for Colonies, London.
To Political Resident, Bushire.
No 3
Dated 9th received 10th May 1932.

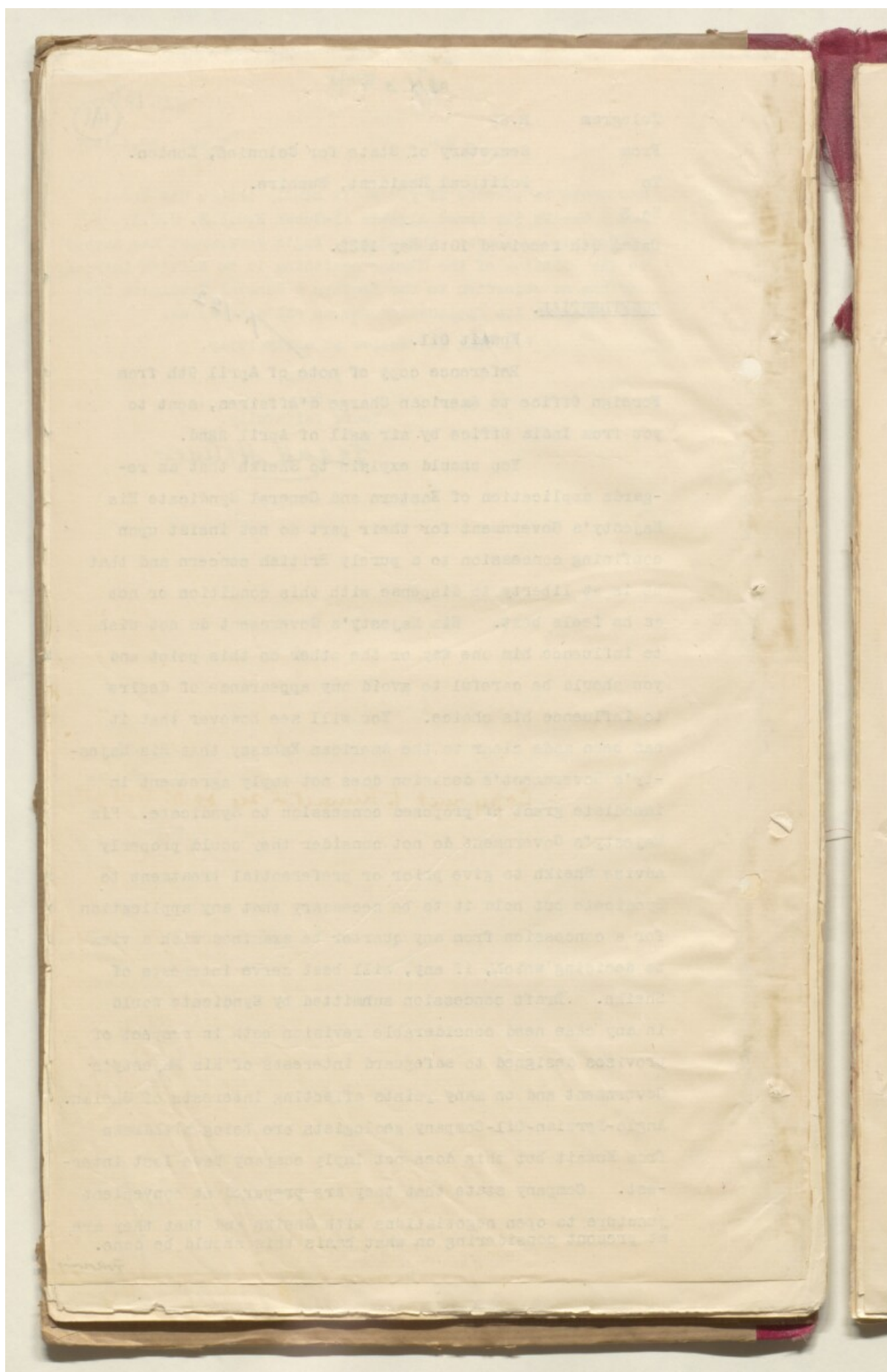
CONFIDENTIAL.

Kuwait Oil.

Reference copy of note of April 9th from Foreign Office to American Charge d'Affaires, sent to you from India Office by air mail of April 22nd.

You should explain to Sheikh that as regards application of Eastern and General Syndicate His Majesty's Government for their part do not insist upon confining concession to a purely British concern and that he is at liberty to dispense with this condition or not as he feels best. His Majesty's Government do not wish to influence him one way or the other on this point and you should be careful to avoid any appearance of desire to influence his choice. You will see however that it has been made clear to the American Embassy that His Majesty's Government's decision does not imply agreement in immediate grant of proposed concession to Syndicate. His Majesty's Government do not consider they could properly advise Sheikh to give prior or preferential treatment to Syndicate but hold it to be necessary that any application for a concession from any quarter be examined with a view to deciding which, if any, will best serve interests of Sheikh. Draft concession submitted by Syndicate would in any case need considerable revision both in respect of provisos designed to safeguard interests of His Majesty's Government and on many points affecting interests of Sheikh. Anglo-Persian-Oil-Company geologists are being withdrawn from Kuwait but this does not imply company have lost interest. Company state that they are prepared at convenient juncture to open negotiations with Sheikh and that they are at present considering on what basis this should be done.

Following





2.

Following for your own information only at this stage.

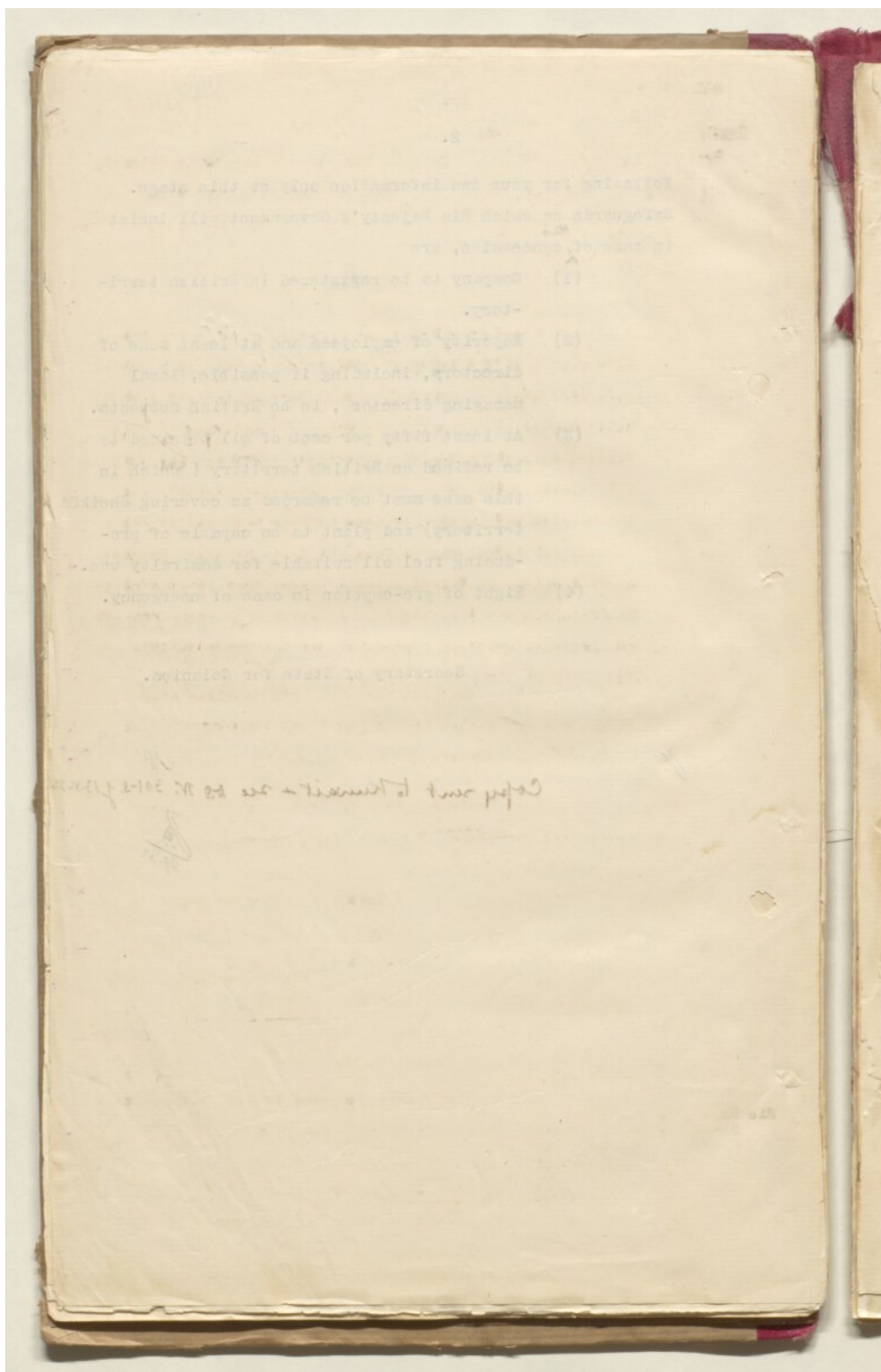
Safeguards on which His Majesty's Government will insist
in case of ^{this} concession, are

- (1) Company to be registered in British territory.
- (2) Majority of employees and at least some of directors, including if possible, local managing director, to be British subjects.
- (3) At least fifty per cent of oil obtained to be refined on British territory (which in this case must be regarded as covering Sheikh's territory) and plant to be capable of producing fuel oil suitable for Admiralty use.
- (4) Right of pre-emption in case of emergency.

Secretary of State for Colonies.

jc.
Copy sent to Kuwait - see No. 301-S, 13.5.32

10.139
29.5.





Air Mail. *By Bag to Co.*

135 (143)

Confidential.

British Residency & Consulate-General,
Bushire, the 10th May 1932.

No. 17.

Sir,

ho 61
1.5.32

I have the honour to forward herewith for the information of His Majesty's Government a copy of a letter received from the Political Agent, Kuwait, reporting that Major Holmes has recently arrived there and has had discussions regarding the Oil Concession both with the Shaikh and Colonel Dickson. Colonel Dickson's despatch is of interest as showing the devious methods employed by Major Holmes, and it is evident from the facts reported in paragraph 5 of the Political Agent's letter that he is endeavouring to allay the apprehensions of the Shaikh regarding the admission of American interests into his Principality.

3. I have now just received your telegram No. 3 of the 9th May and am addressing a letter to the Shaikh as therein instructed.

I am sending a copy of this Despatch to the Government of India.

I have the honour to be,

Sir,

Your most obedient,
humble servant,

oc.

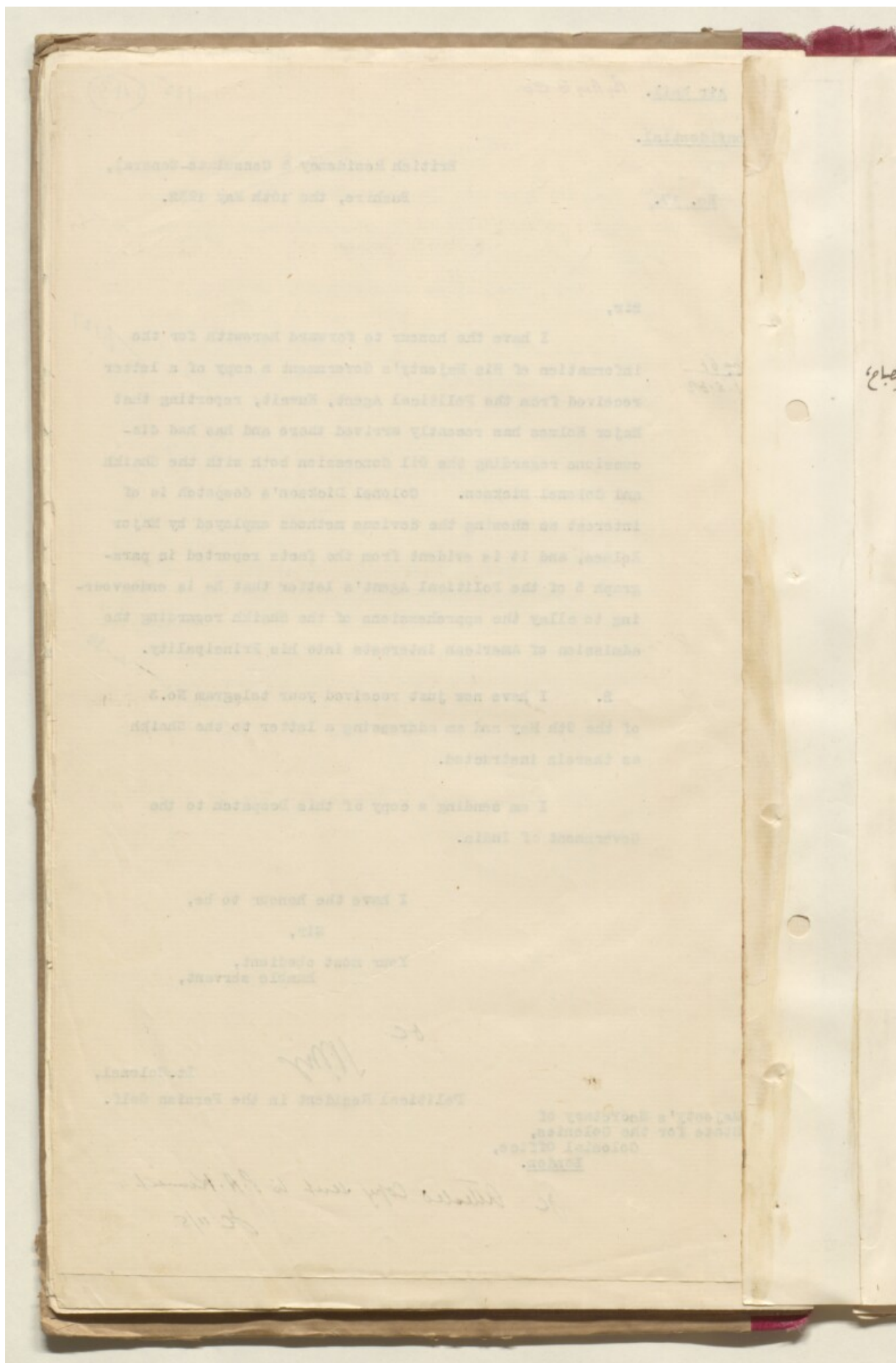
J. M. J.

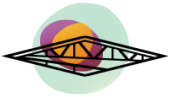
Lt. Colonel,

Political Resident in the Persian Gulf.

His Majesty's Secretary of
State for the Colonies,
Colonial Office,
London.

jc. Attested copy sent to P.A. Kuwait.
jc 11/5.





144

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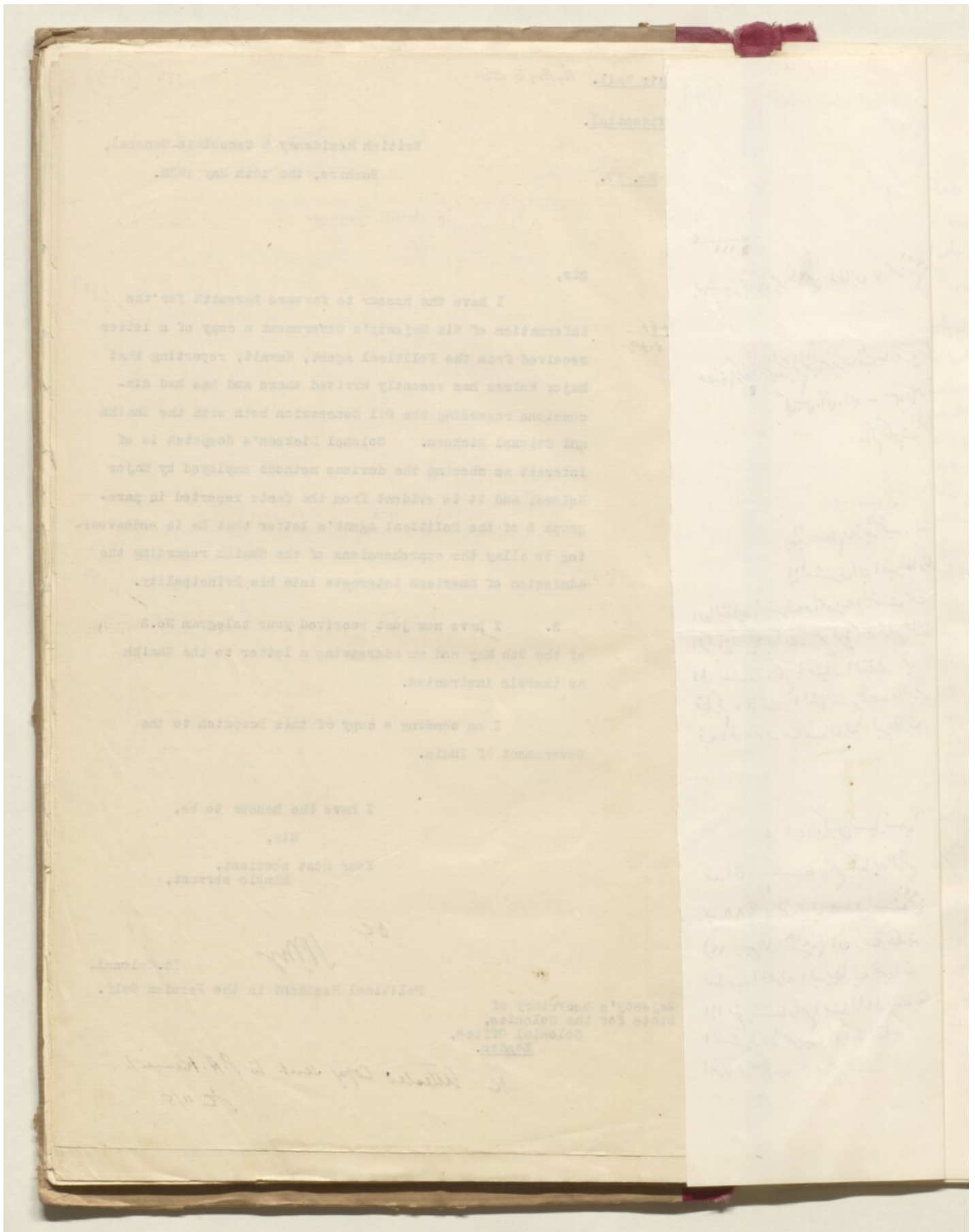
عدد ١١١

بن شهر في ١٢ من ١٩٤٤ المطابع ٧ محرم ١٣٥١

عشرة اكرامكم في المحل العزير صاحب السادة الشيخ عبد الله بن الصباح
كي سي. آي. دي - سي. إن. آي،
حاكم الكويت المقيم

بعد السدم ويزيد التهمة -
في السرف ان اخبرناكم
ان النقابة الشرقية والمعمدية التمت من
الوكيل السيدي ان يسمح لمر ان ترفع طلبا
الى سعادكم بامتياز النفط في
قطركم ، فاحلت التماسهم لصدور الامر
فيه الى حكومتهم صاحب الجلالة البريطانية.

ان الوكيل السيدي
قد افاد سعادكم بكتابته الرقم
ب ٢٨٨ والمرفوع في ٨ اكتوبر ١٩٤٤
(١٤) ببيع الدول (١٤) ان رغبة حكومتهم
صاحب الجلالة البريطانية هي انه
اذا منح سعادكم امتياز الى النقابة
الشرقية والمعمدية ، او اية نقابة
اخرى ، فيجب ان يحرم





86/1
145
136

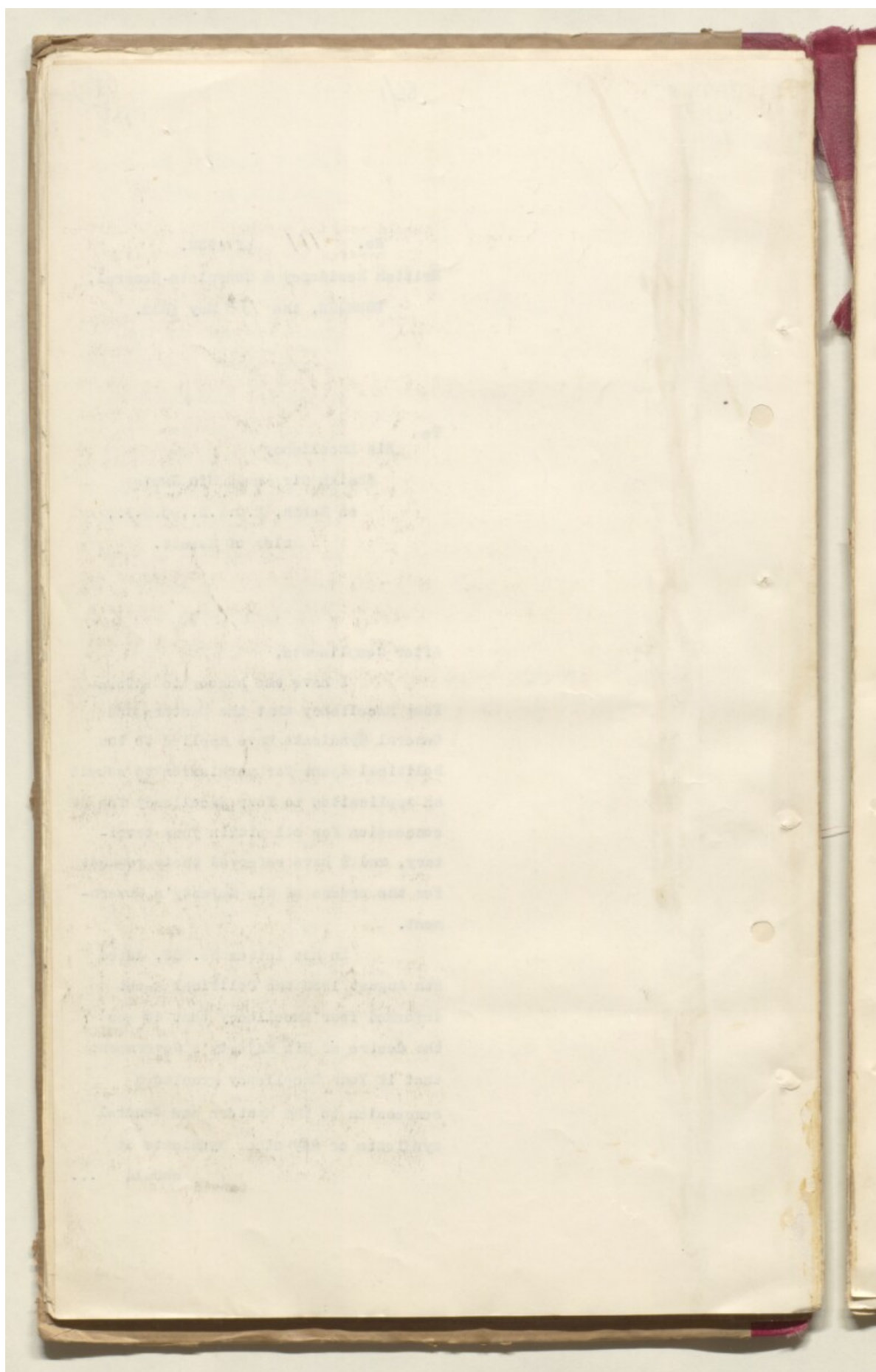
No. 111 of 1932.
British Residency & Consulate-General,
BUSHIRE, the 13th May 1932.

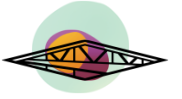
To
His Excellency
Shaikh Sir Ahmad Bin Jabir
as Subah, K.C.I.E., C.S.I.,
Ruler of Kuwait.

After Compliments,

I have the honour to inform
Your Excellency that the Eastern and
General Syndicate have applied to the
Political Agent for permission to submit
an application to Your Excellency for a
concession for oil within your terri-
tory, and I have referred their request
for the orders of His Majesty's Govern-
ment.

In his letter No.288, dated
8th August 1930 the Political Agent
informed Your Excellency that it was
the desire of His Majesty's Government
that if Your Excellency granted a
concession to the Eastern and General
Syndicate or any other Syndicate it
should ...



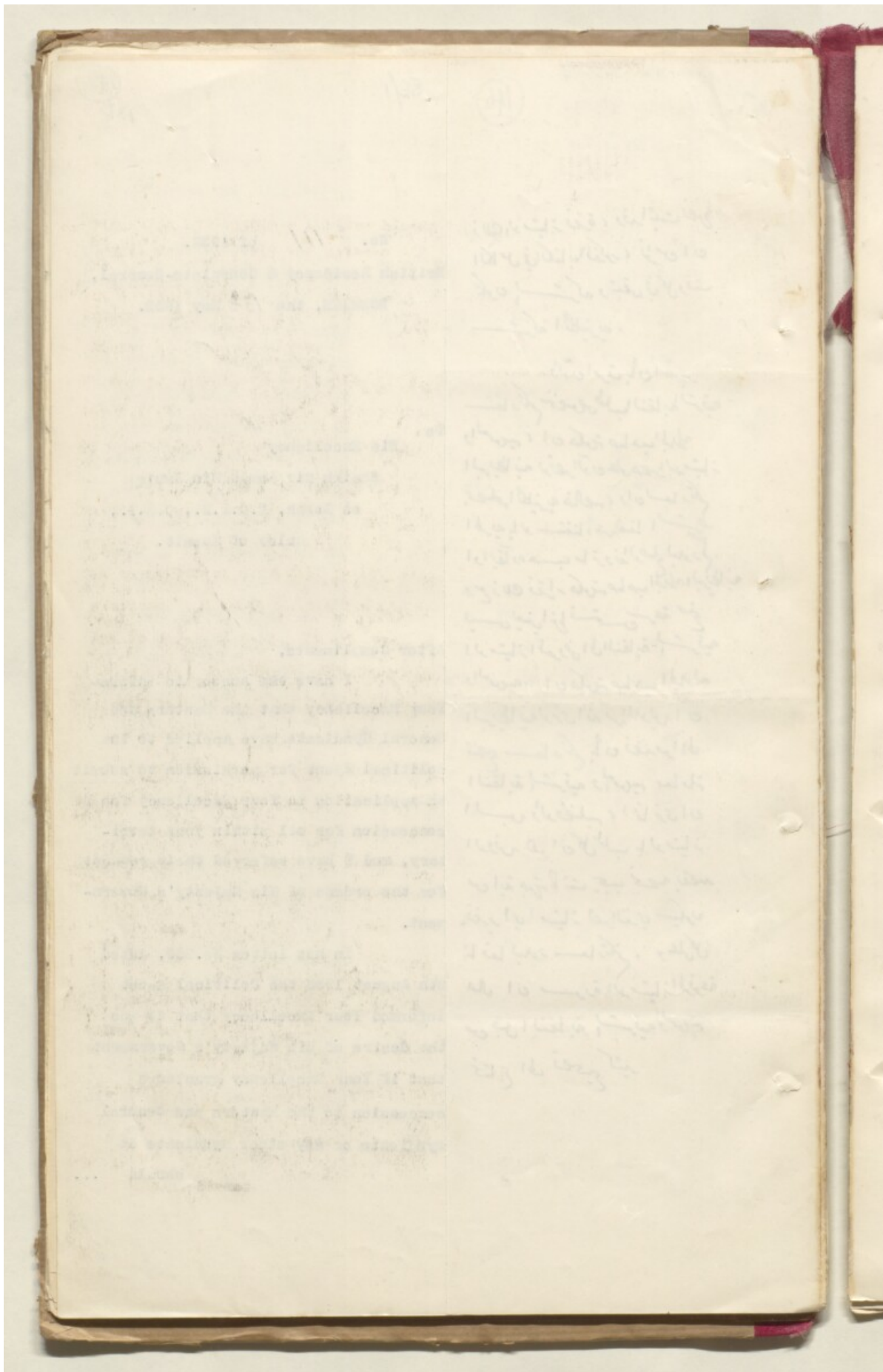
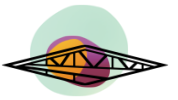


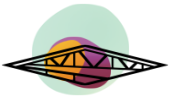
137

(146)

ذلك الامتياز فقرة ، وقد اثبتت نصوص
الكامل في الكتاب المذكور ، تؤمن ان
يكون الشركة وتبقى في كل وقت
شركة انكليزية .

والآن امرت بأن اخبر
سمازكم بخصوص طلب النقابة الشرقية
والعموم ، ان حكومة صاحب الجلالة
البريطانية لترهاتون على حصر الامتياز
بمصلحة انكليزية خالصه ، وان سمازكم
الطرية بالاحتفاظ بحصة هذا الشرط
او بقاءه حسب ما ترونه الرضاه لبلدكم .
ومع ذلك فقرار حكومتكم صاحب الجلالة البريطانية
ليس يعني اننا نستحسن سرعة منح
الامتياز المعروض الى النقابة الشرقية
والعموم . ان حكومتكم صاحب الجلالة
البريطانية لترهاتون انه مه بالبلد ان
تصح سمازكم بأن تقدموا الى
النقابة الشرقية والعموم معاملة
السوية والوفائية ، انما ترى ان
الدولة هو ان كل طلب بالامتياز
من اية جهة كانت يجب فحصه بقصد
تقرير اي امتياز هو الذي سيكونه
نافعاً لبلد سمازكم . وعلى كل
حال ان مسودة الامتياز المرفوعة
من قبل النقابة الشرقية والعموم
تحتاج الى تصحيح كثير

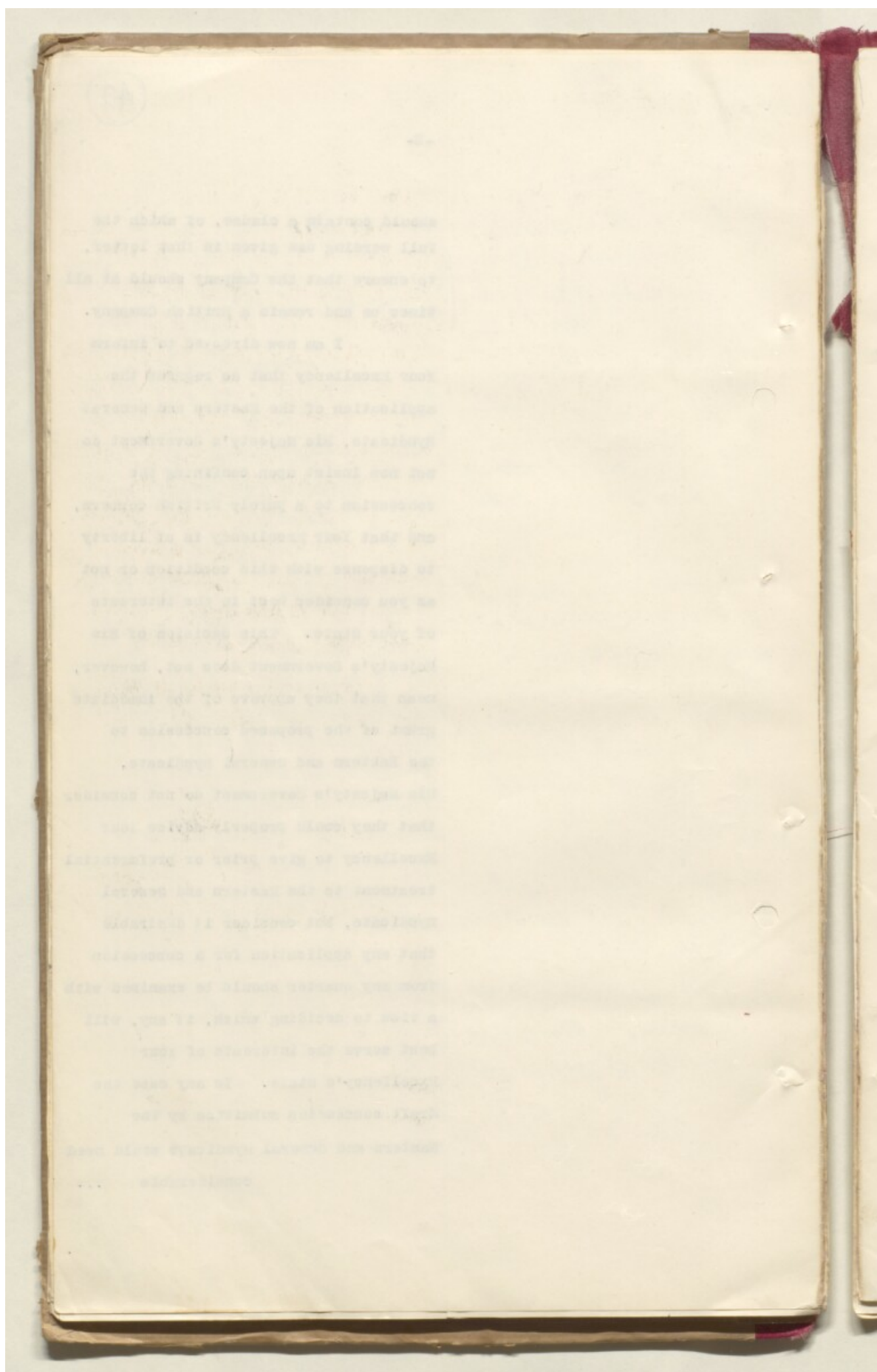


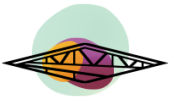


(47)
-2-

should contain a clause, of which the full wording was given in that letter, to ensure that the Company should at all times be and remain a British Company.

I am now directed to inform Your Excellency that as regards the application of the Eastern and General Syndicate, His Majesty's Government do not now insist upon confining the concession to a purely British concern, and that Your Excellency is at liberty to dispense with this condition or not as you consider best in the interests of your State. This decision of His Majesty's Government does not, however, mean that they approve of the immediate grant of the proposed concession to the Eastern and General Syndicate. His Majesty's Government do not consider that they could properly advise your Excellency to give prior or preferential treatment to the Eastern and General Syndicate, but consider it desirable that any application for a concession from any quarter should be examined with a view to deciding which, if any, will best serve the interests of Your Excellency's State. In any case the draft concession submitted by the Eastern and General Syndicate would need considerable ...





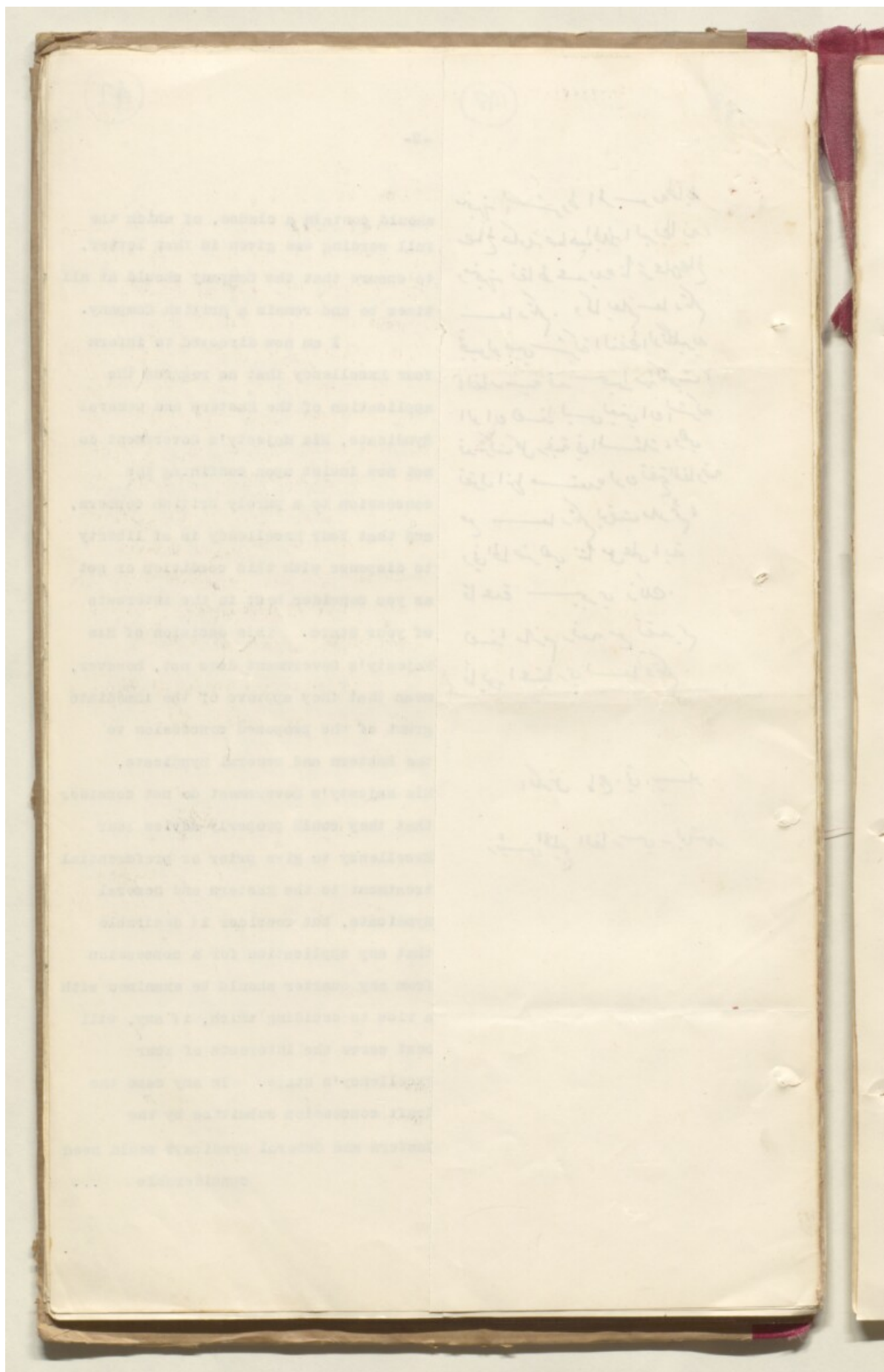
138

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منجزة الشروط المرسومة لحماية
مصالح حكومة صاحب الجلالة البريطانية،
ومنجزة نقاط عديده تأثر على مصالح
سما دتكم. وكما يعلم سما دتكم
فجيمولوجي شركة النفط الانكليزية
الفارسية قد سجدوا الى الكويت،
الا ان هذا ليس يعني ان الشركة
قد تركت كل رغبة في السكك، وهي
تقول اننا مستعدة لان تفتح المفاوضات
مع سما دتكم بوقت ملائم،
وفي الحاضر هي تتأمل على اية
قاعدة سيجري ذلك.
لهذا ما نزم رفعه مع تقديم
فايزه اعتباري لسما دتكم.

الكرنل ماج. في. بيكو

رئيس الخليج الفارسي - بوشر



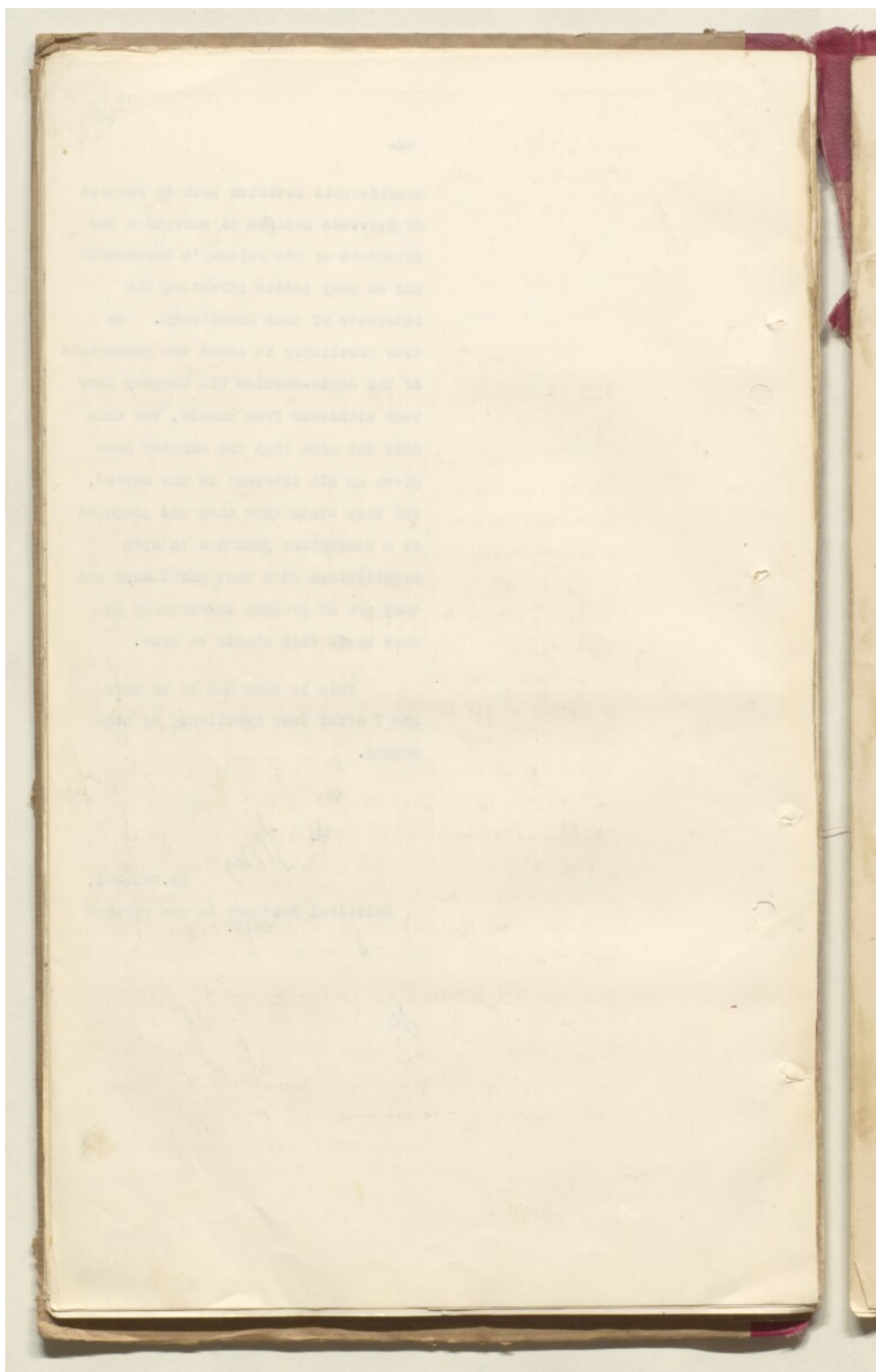


138
149
-3-

considerable revision both in respect of provisos designed to safeguard the interests of His Majesty's Government and on many points affecting the interests of Your Excellency. As Your Excellency is aware the geologists of the Anglo-Persian Oil Company have been withdrawn from Kuwait, but this does not mean that the Company have given up all interest in the matter, and they state that they are prepared at a convenient juncture to open negotiations with Your Excellency and they are at present considering on what basis this should be done.

This is what has to be said and I offer Your Excellency my high regard.

ofc
JMY
Lt.Colonel,
Political Resident in the Persian Gulf.
dc.





86/1
159
150
Confidential.

D.O.No.301-S of 1932.

British Residency,
Bushire, the 13th May 1932.

....

p.133
I enclose copy of telegram No.3 of 9th May 1932, from the Secretary of State for the Colonies, regarding the Kuwait Oil.

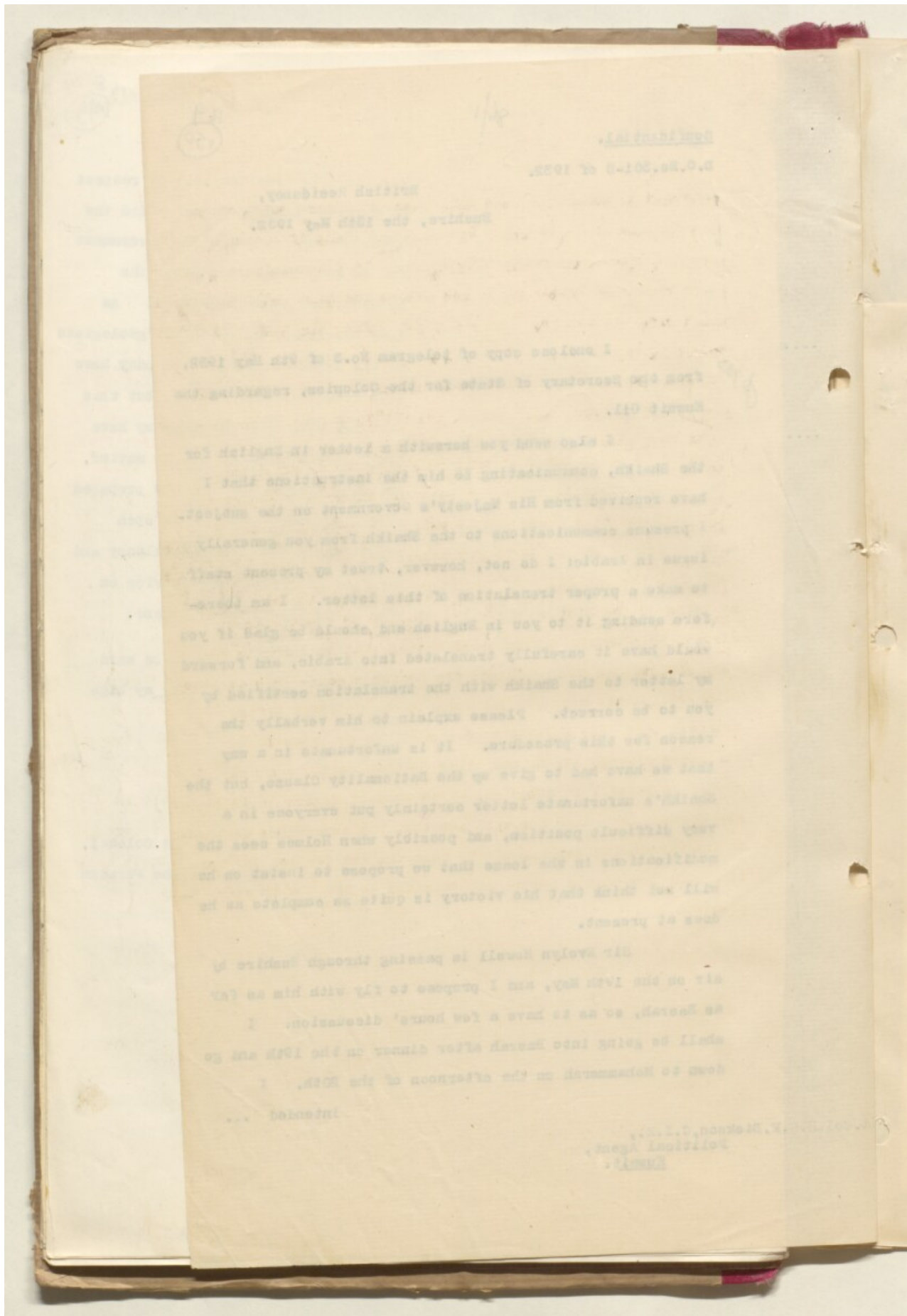
....

I also send you herewith a letter in English for the Shaikh, communicating to him the instructions that I have received from His Majesty's Government on the subject. I presume communications to the Shaikh from you generally issue in Arabic: I do not, however, trust my present staff to make a proper translation of this letter. I am therefore sending it to you in English and should be glad if you would have it carefully translated into Arabic, and forward my letter to the Shaikh with the translation certified by you to be correct. Please explain to him verbally the reason for this procedure. It is unfortunate in a way that we have had to give up the Nationality Clause, but the Shaikh's unfortunate letter certainly put everyone in a very difficult position, and possibly when Holmes sees the modifications in the lease that we propose to insist on he will not think that his victory is quite as complete as he does at present.

Sir Evelyn Howell is passing through Bushire by air on the 19th May, and I propose to fly with him as far as Basrah, so as to have a few hours' discussion. I shall be going into Basrah after dinner on the 19th and go down to Mohammerah on the afternoon of the 20th. I

intended ...

Lt.Col.H.R.P.Dickson,C.I.B.,
Political Agent,
Kuwait.

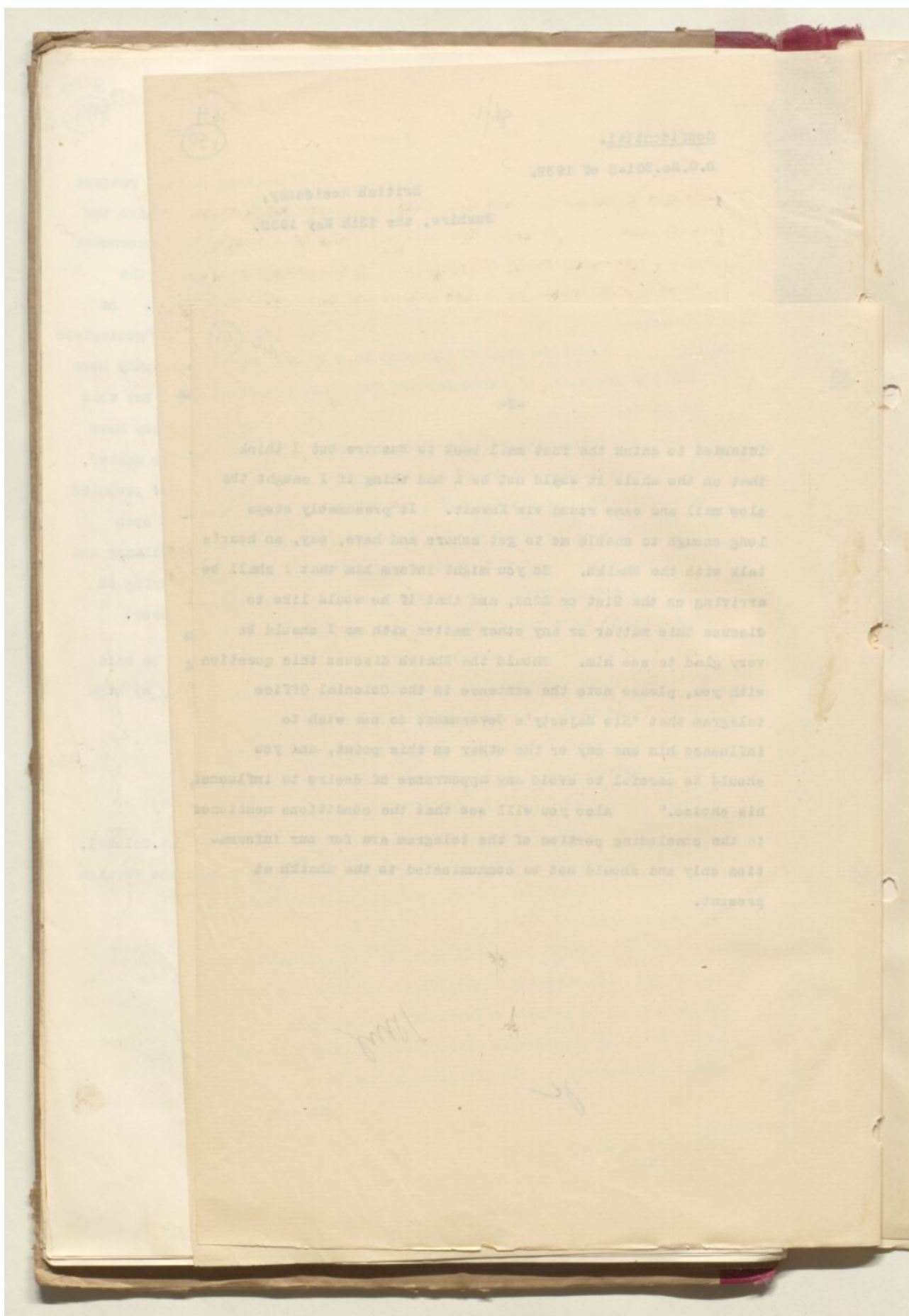




140 (151)
-2-

intended to catch the fast mail back to Bushire but I think that on the whole it would not be a bad thing if I caught the slow mail and came round via Kuwait. It presumably stops long enough to enable me to get ashore and have, say, an hour's talk with the Shaikh. So you might inform him that I shall be arriving on the 21st or 22nd, and that if he would like to discuss this matter or any other matter with me I should be very glad to see him. Should the Shaikh discuss this question with you, please note the sentence in the Colonial Office telegram that "His Majesty's Government do not wish to influence him one way or the other on this point, and you should be careful to avoid any appearance of desire to influence his choice." Also you will see that the conditions mentioned in the concluding portion of the telegram are for our information only and should not be communicated to the Shaikh at present.

o/c
jc
/My





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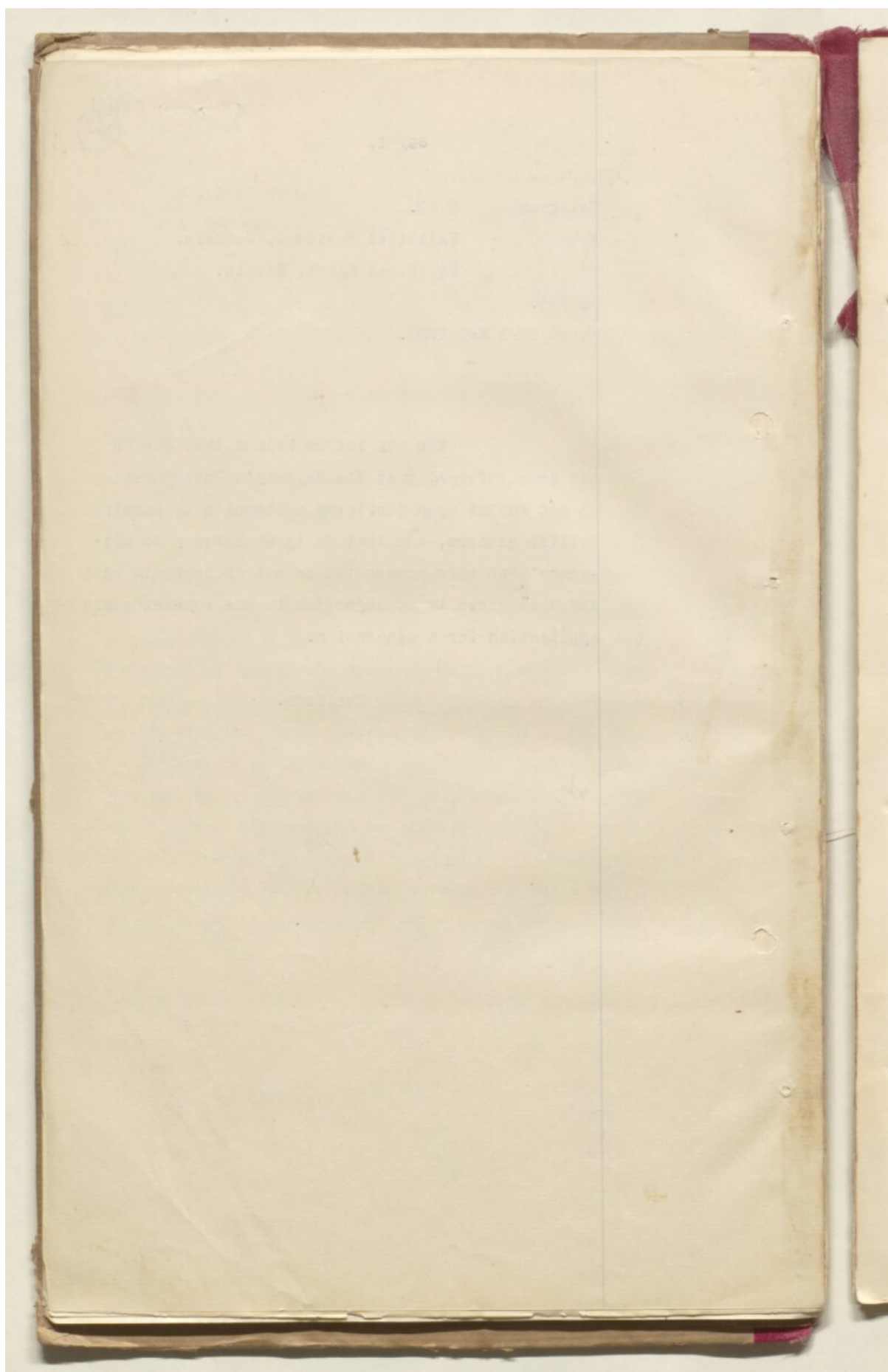
141
152

Telegram R 27.
From Political Resident, Bushire.
To Political Agent, Kuwait.
No 286.
Dated 23rd May 1932.

You may inform Holmes that Sheikh
has been informed that His Majesty's Government
do not insist upon confining concession to purely
British concern, and that he is at liberty to dis-
-pense with this concession or not as he feels best
and that there is no objection to his reneweing his
application for a concession.

Resident.

ali





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W 23/5 153

Confidential.

No.67. Political Agency, Kuwait.

BUSHIRE RESIDENCY Dated the 19th May 1932.

Rec 885
Date 21/5/32

CONFIDENTIAL RECORDS

je 23/5

From

Lieutenant-Colonel H.R.P. Dickson, C.I.E.,
Political Agent, Kuwait.

To

The Hon'ble the Political Resident
in the Persian Gulf, Bushire.

Major Holmes' Oil Activities.

Sir,

I have the honour to acknowledge your confidential D.O.No.301.S. dated the 13th May 1932, and to report that I duly forwarded your letter No.111 dated the 13th May to His Excellency the Shaikh of Kuwait together with an Arabic translation certified by me to be correct, on 18th May 1932.

2. The other instructions contained in your above-mentioned letter have been duly noted by me.

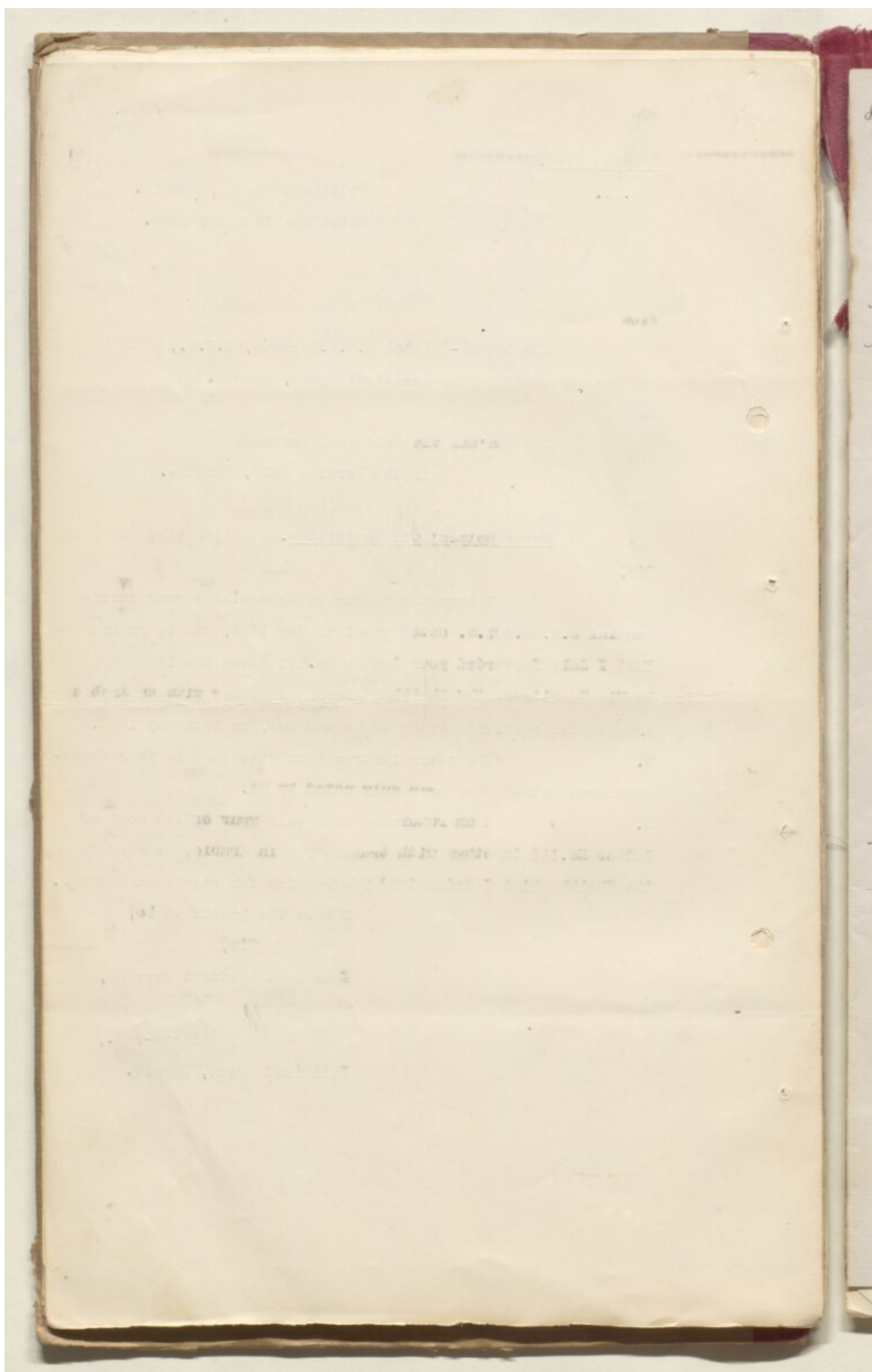
3. I am returning with this your office copy of letter No.111 together with translation in Arabic, as sent to the Shaikh which I understand you require for record at Bushire.

I have the honour to be,

Sir,

Your most obedient servant,

H.R.P. Dickson
Lieut-Col.,
Political Agent, Kuwait.





86/1

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1a

Reference to previous correspondence:—

Secretary of State's
High Commissioner's

Telegram
Despatch No. 3.

9th May 1932

Downing Street,
11 May 1932

BUSHIRE RESIDENCY.
No. 828
Date 27.5.32
CONFIDENTIAL RECORDS.

Perian Gulf
Confidential

Sir, 20/5

I have the honour to transmit to you

for your information copies of

the papers noted below on the subject of the Kuwait oil concession.

I have the honour to be,

Sir,

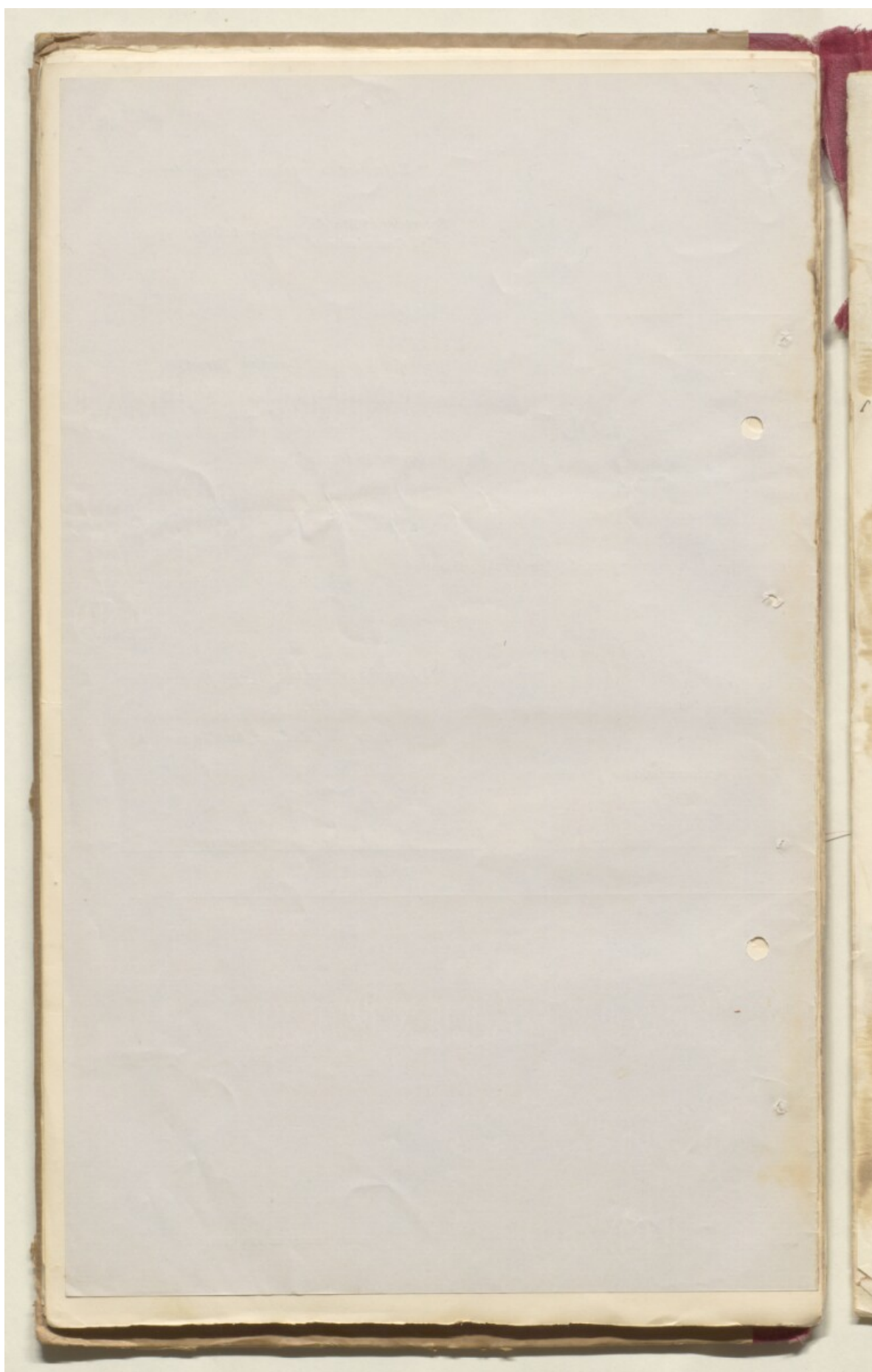
Your most obedient, humble servant,

P. C. Lister

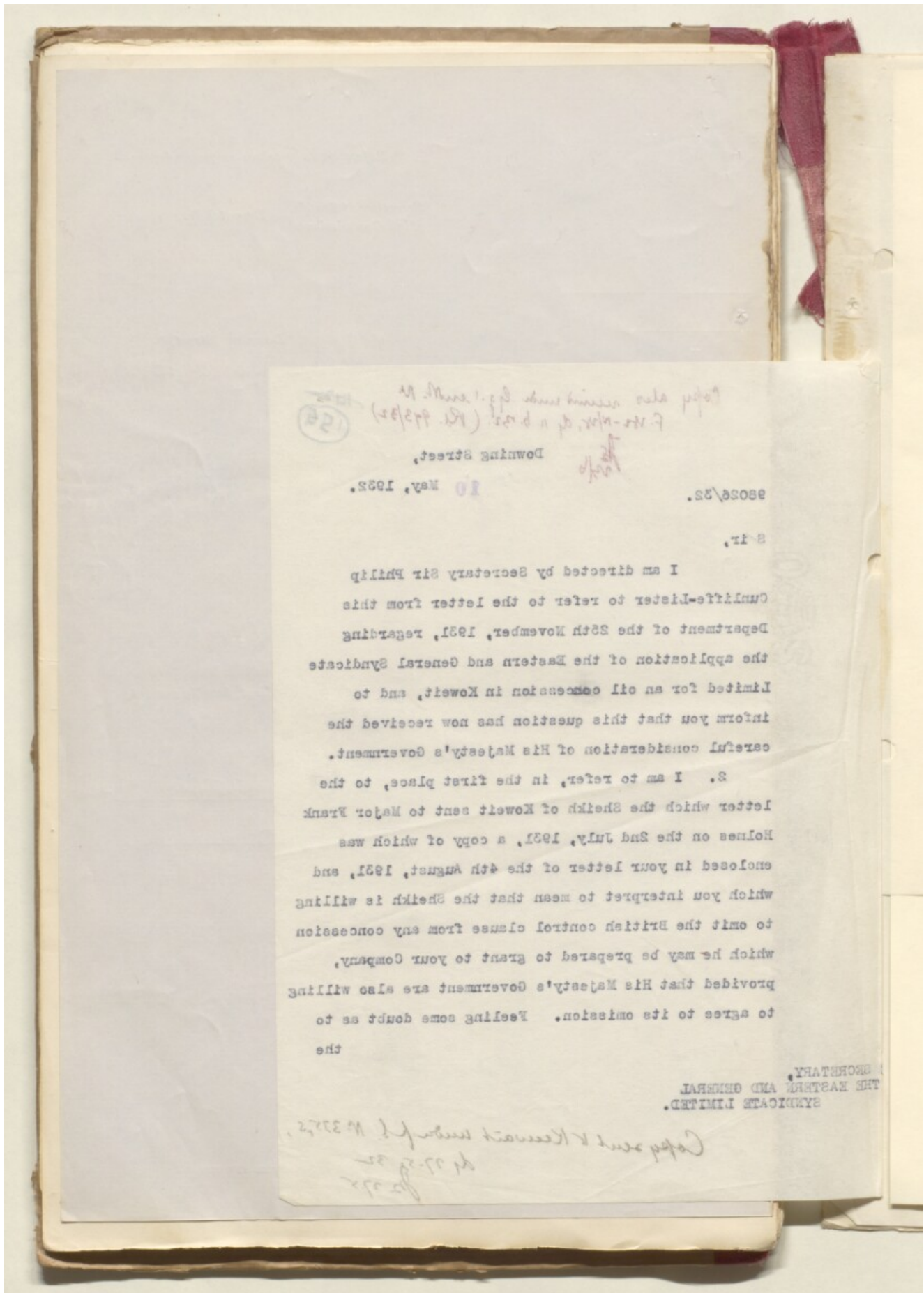
Hon'ble,
The High Commissioner
The Political Resident,
Perian Gulf.

Date.	Description.
10th May 1932	to the Eastern & General Syndicate Ltd

(H7637) W112923/2528 5,000 10/50 II & 2r Op 112



Copy sent to Kuwait under pl. N° 375, S,
 d. 27-5, 32
 p. 275





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the correctness of this interpretation of the
Sheikh's attitude, since the Sheikh had consistently
expressed himself emphatically to the local British
authority as desirous of continuing any oil concession
to entirely British interests. His Majesty's Government
caused inquiry to be made of the Sheikh, who replied
that he was still averse from receiving in his
principle a company other than an entirely British
one and that he did not consider himself as in any way
committed by his letter to Major Holmes to grant to the
Eastern and General Syndicate the concession which they
seek. It will be observed from a reference to the
Sheikh's letter that its last sentence only expresses a
readiness to discuss the matter further with Major Holmes
after agreement has been reached between the Syndicate
and His Majesty's Government.

3. His Majesty's Government have now considered
the question in all its bearings and have decided that,
for their part, they will not insist in this case that
any concession must contain a clause confining it to
British interests. Whether the Sheikh for his part is
willing to grant a concession without such a condition
is

SECRETARY,
THE EASTERN AND
GENERAL SYNDICATE



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the correctness of this interpretation of the Sheikh's attitude, since the Sheikh had consistently expressed himself emphatically to the local British authority as desirous of confining any oil concession to entirely British interests, His Majesty's Government caused inquiry to be made of the Sheikh, who replied that he was still averse from receiving in his principality a company other than an entirely British one and that he did not consider himself as in any way committed by his letter to Major Holmes to grant to the Eastern and General Syndicate the concession which they seek. It will be observed from a reference to the Sheikh's letter that its last sentence only expresses a readiness to discuss the matter further with Major Holmes after agreement has been reached between the Syndicate and His Majesty's Government.

3. His Majesty's Government have now considered the question in all its bearings and have decided that, for their part, they will not insist in this case that any concession must contain a clause confining it to British interests. Whether the Sheikh for his part is willing to grant a concession without such a condition
is

SECRETARY
THE EASTERN
SYNDICATE



157
H14
157

is therefore now a matter entirely for the Sheikh's decision. It should, nevertheless, be made clear that this decision of His Majesty's Government does not imply agreement in the immediate grant of the concession to the Eastern and General Syndicate, to which the Sheikh, as stated above, considers himself in no way committed. His Majesty's Government indeed do not consider that they could properly advise the Sheikh to give prior or preferential treatment to the Eastern and General Syndicate, but hold it to be necessary that any application for a concession which may be forthcoming from any quarter be examined with a view to deciding which, if any, will best serve the interests of the Sheikh and his principality.

4. The draft concession which you have already submitted would in any case need considerable revision, (a) in respect of the provisos designed to safeguard the interests of His Majesty's Government which will need considerable amendment on several important points; and (b) in respect of many points affecting the interests of the Sheikh.

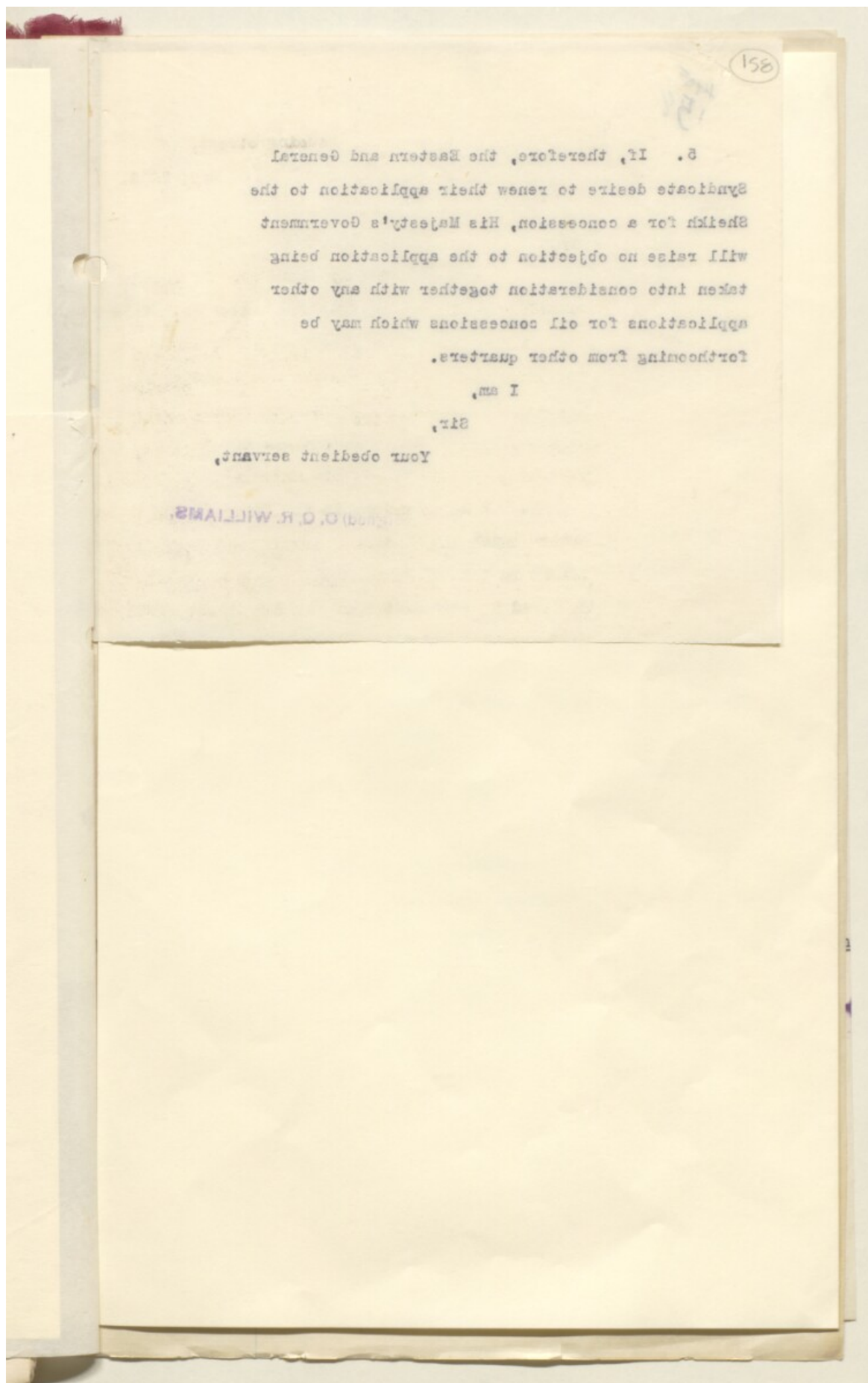
5.



157
is therefore now a matter entirely for the Sheikh's decision. It should, nevertheless, be made clear that this decision of His Majesty's Government does not imply agreement in the immediate grant of the concession to the Eastern and General Syndicate, to which the Sheikh, as stated above, considers himself in no way committed. His Majesty's Government indeed do not consider that they could properly advise the Sheikh to give prior or preferential treatment to the Eastern and General Syndicate, but hold it to be necessary that any application for a concession which may be forthcoming from any quarter be examined with a view to deciding which, if any, will best serve the interests of the Sheikh and his principality.

4. The draft concession which you have already submitted would in any case need considerable revision (a) in respect of the proviso designed to safeguard the interests of His Majesty's Government which will need considerable amendment on several important points; and (b) in respect of many points affecting the interests of the Sheikh.

5.





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5. If, therefore, the Eastern and General Syndicate desire to renew their application to the Sheikh for a concession, His Majesty's Government will raise no objection to the application being taken into consideration together with any other applications for oil concessions which may be forthcoming from other quarters.

I am,

Sir,

Your obedient servant,

(Signed) O. Q. R. WILLIAMS.



28/1
159
D.O. No. 339-S. of 1932.

The Residency,
Bushire, 28th May 1932.

With reference to your recent conver-
-sation with Colonel Biscoe, he has asked me to
let you know that a copy (English version) of
the Bahrain Oil Concession to the Eastern &
General Syndicate was forwarded to Colonel Ware
under this office endorsement No. 78-S, dated
3rd March 1926.

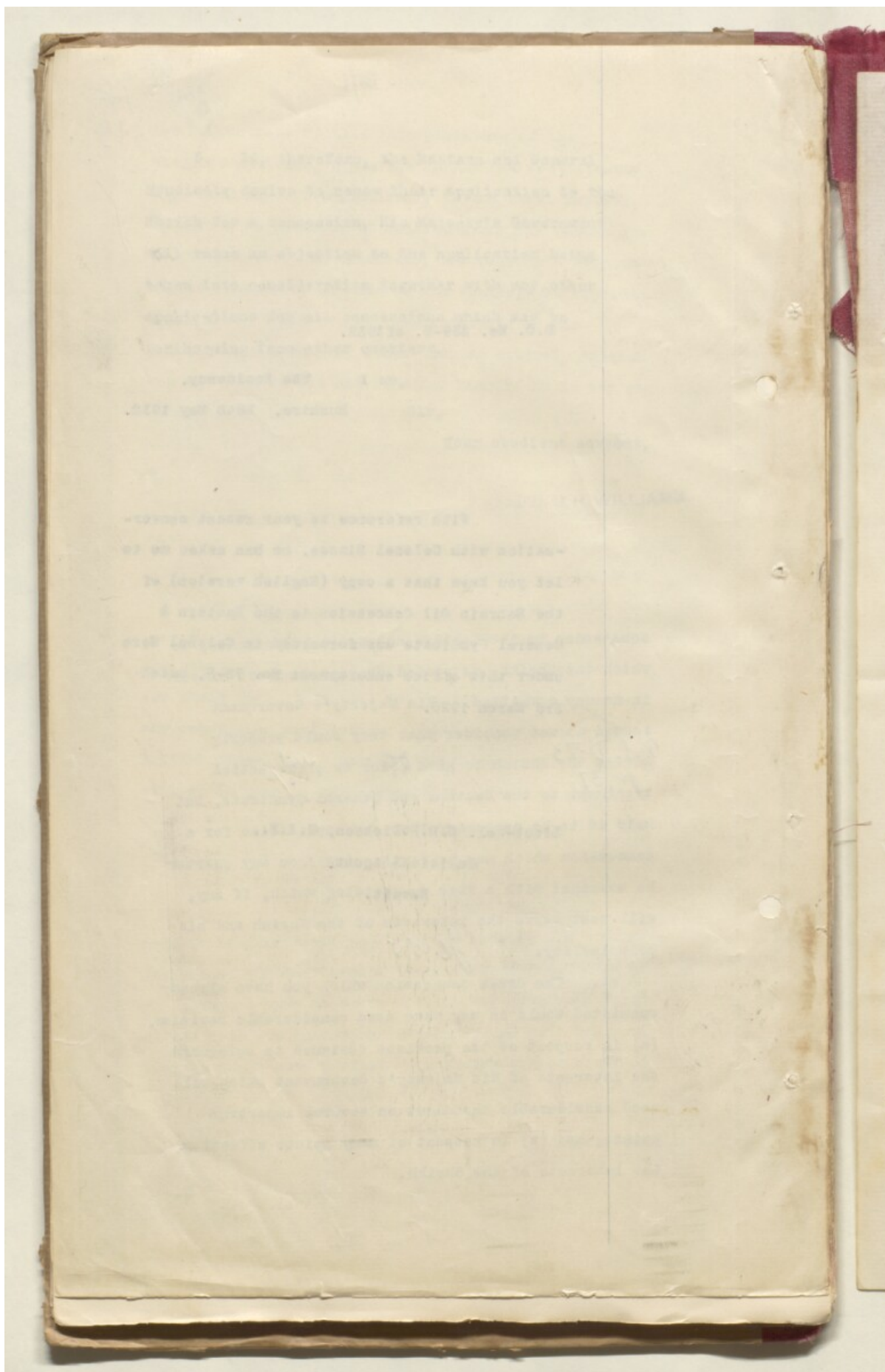
Vol. D-73
p. 37.

OC

gulf

Lieut-Col. H.R.P. Dickson, C.I.E.,
Political Agent,
Kuwait.

jcms





86/1 160
MR 31/5

Confidential.

No.73. Political Agency, Kuwait.

BUSHIRE RESIDENCY Dated the 26th May 1932.
Reg. No. 837
Date 30/5/32
CONFIDENTIAL RECORDS

31

From

Lieutenant-Colonel H.R.P. Dickson, C.I.E.,
Political Agent, Kuwait.

To

The Hon'ble the Political Resident
in the Persian Gulf, Bushire.

Major Holmes' Activities.

Sir,

I have the honour to inform you that I duly received your telegram No.286 dated the 23rd May, and passed on the contents under official letter to Major Holmes.

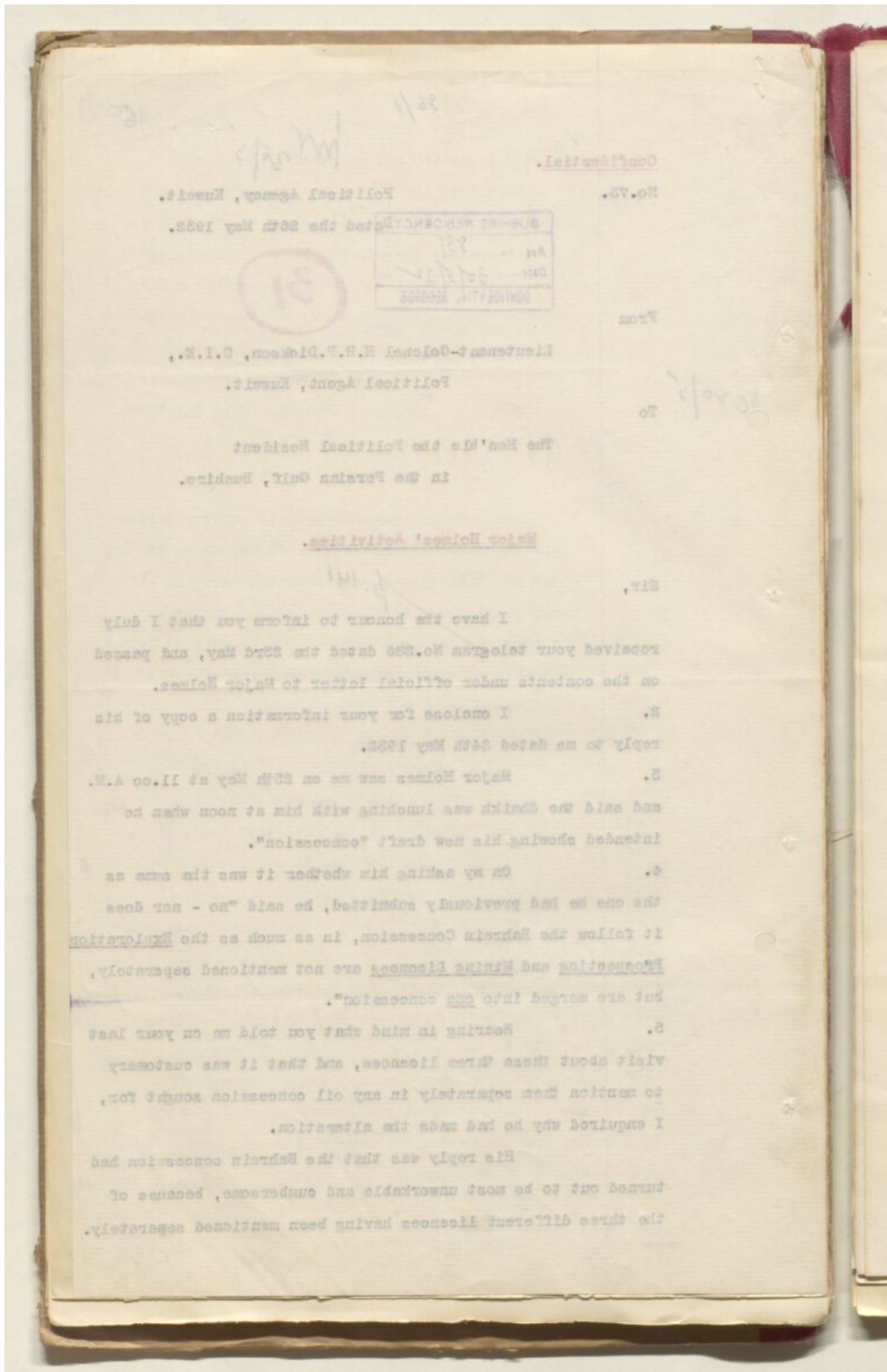
2. I enclose for your information a copy of his reply to me dated 24th May 1932.

3. Major Holmes saw me on 25th May at 11.00 A.M. and said the Shaikh was lunching with him at noon when he intended showing his new draft "concession".

4. On my asking him whether it was the same as the one he had previously submitted, he said "no - nor does it follow the Bahrain Concession, in as much as the Exploration Prospecting and Mining Licences are not mentioned separately, but are merged into one concession".

5. Bearing in mind what you told me on your last visit about these three licences, and that it was customary to mention them separately in any oil concession sought for, I enquired why he had made the alteration.

His reply was that the Bahrain concession had turned out to be most unworkable and cumbersome, because of the three different licences having been mentioned separately.





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6. Major Holmes then proceeded to show me the draft concession which he was about to show to the Shaikh. As I had less than a quarter of an hour to read it through, I naturally could not take in much.

7. Three things I did note however,

- (a) Major Holmes offered Rs20,000/- to the Shaikh a year instead of Rs10,000/- as given to the Shaikh of Bahrain.
- (b) The nationality clause was of course non-existent; instead there were clauses permitting the concession to be sold to a third party provided such were registered in Great Britain or Canada.
- (c) Major Holmes was to be Resident Director for the Persian Gulf as a whole (i.e. Kuwait and Bahrain).

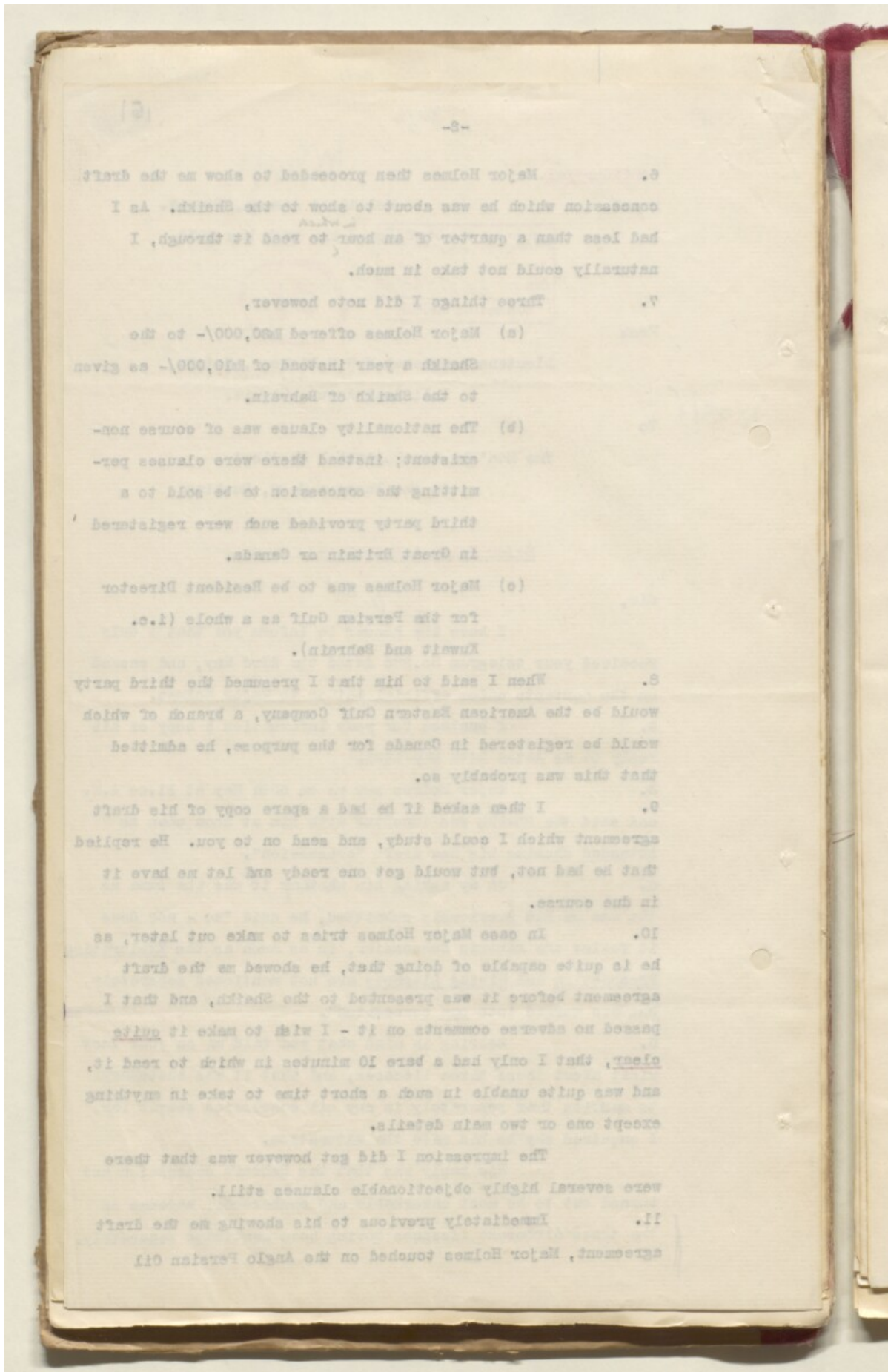
8. When I said to him that I presumed the third party would be the American Eastern Gulf Company, a branch of which would be registered in Canada for the purpose, he admitted that this was probably so.

9. I then asked if he had a spare copy of his draft agreement which I could study, and send on to you. He replied that he had not, but would get one ready and let me have it in due course.

10. In case Major Holmes tries to make out later, as he is quite capable of doing that, he showed me the draft agreement before it was presented to the Shaikh, and that I passed no adverse comments on it - I wish to make it quite clear, that I only had a bare 10 minutes in which to read it, and was quite unable in such a short time to take in anything except one or two main details.

The impression I did get however was that there were several highly objectionable clauses still.

11. Immediately previous to his showing me the draft agreement, Major Holmes touched on the Anglo Persian Oil





-3-

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^{and}
Oil Company, while emphasizing that he never spoke against a sister company in any way, he said that in his opinion and in the opinion of many better men than himself, the A.P.O.C. were "doomed". That it was only a question of time now, when Russia would come forward and demand of Persia that she throw out the A.P.O.C. lock stock, and barred (his words). When this demand come, as it would assuredly come within the next 5 years, he said, no resistance could or would be made, for His Majesty's Government would not go to war merely for the A.P.O.C.'s sake.

After the "crash", Bahrain would come into her own, for he (Holmes) was absolutely confident that oil would be found there, in large quantities and he would see to it that such oil was not lost to the British Government or the Royal Navy.

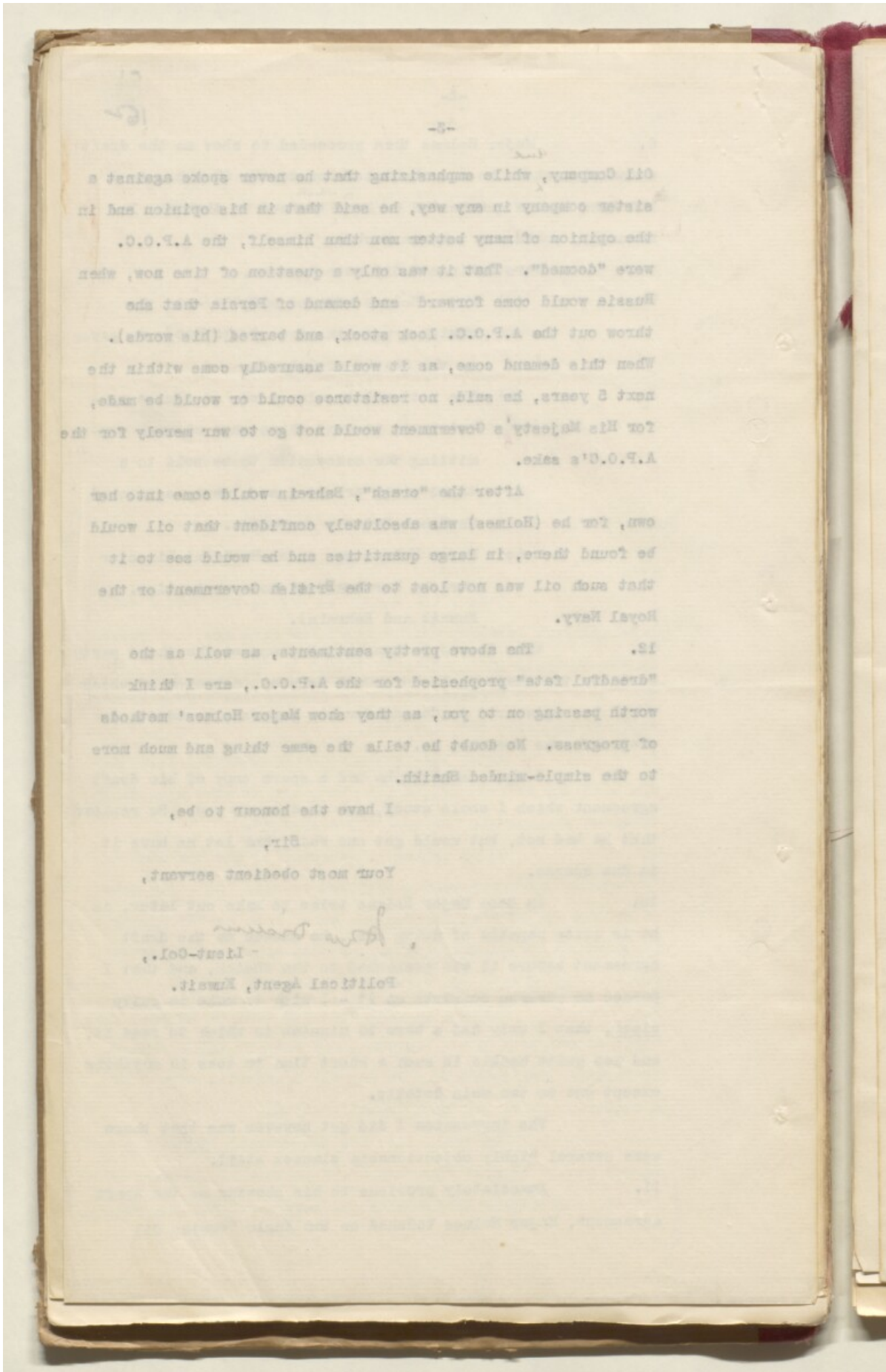
12. The above pretty sentiments, as well as the "dreadful fate" prophesied for the A.P.O.C., are I think worth passing on to you, as they show Major Holmes' methods of progress. No doubt he tells the same thing and much more to the simple-minded Shaikh.

I have the honour to be,

Sir,

Your most obedient servant,

W. D. D. D.
- Lieut-Col.,
Political Agent, Kuwait.





Copy.

(163) 153

Eastern and General Syndicate Limited.

Kuwait, dated 24th May 1932.

To

His B.Maj's Political Agent,
K u w a i t.

Dear Sir,

I have to thank you for your confidential letter No.70 dated 24th May 1932.

2. I thank you for the information that the Hon'ble the Political Resident in the Persian Gulf has now informed His Excellency the Shaikh of Kuwait that His Majesty's Government do not insist upon confining any oil concession to a purely British concern.

3. I thank you for permission to renew the application to His Excellency the Shaikh of Kuwait of the Eastern and General Syndicate Limited for an oil concession in Kuwait territory.

4. It is my intention of submitting to His Excellency the Shaikh of Kuwait tomorrow a draft concession for His Excellency's consideration.

I have the honour to be,

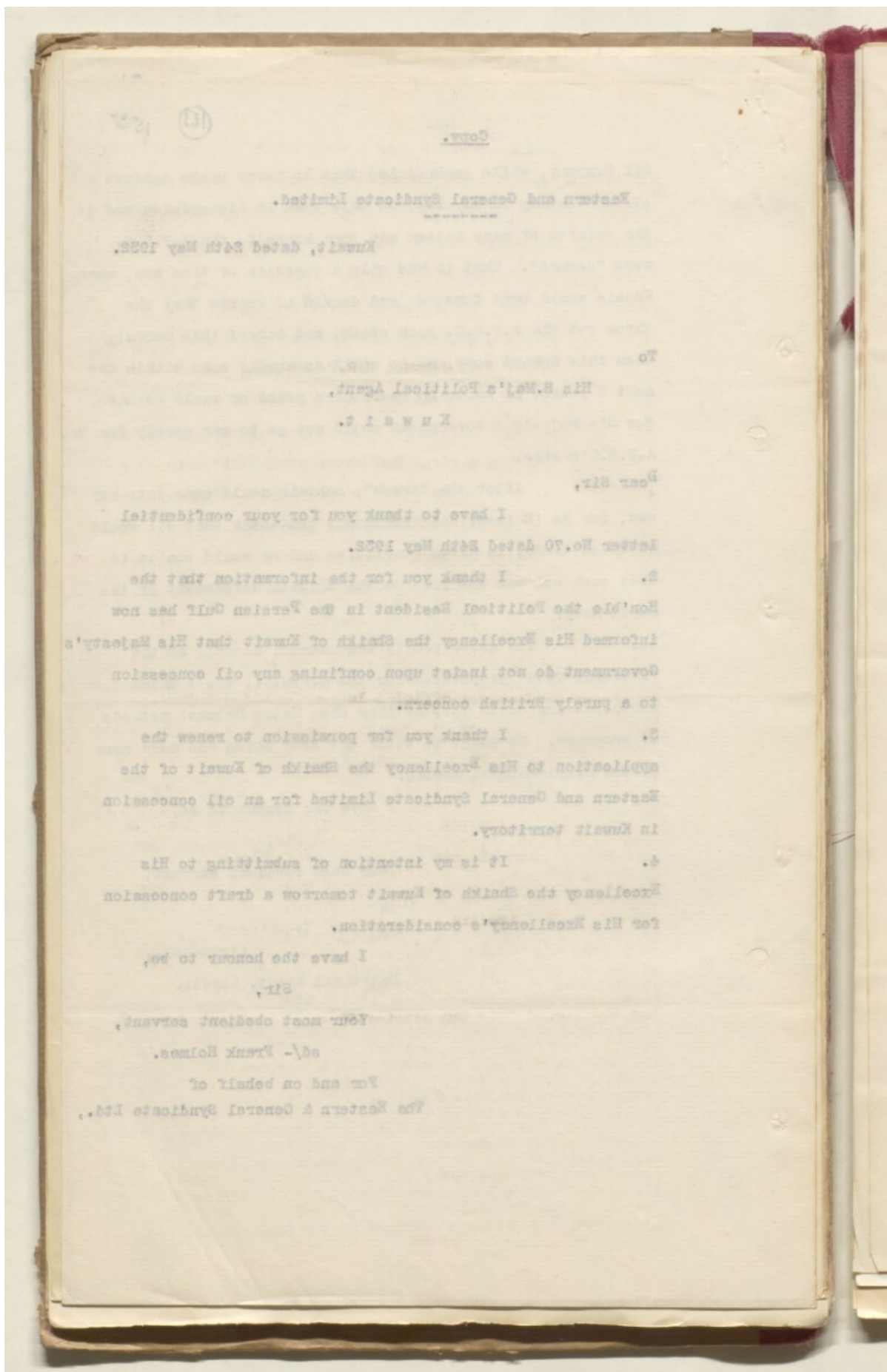
Sir,

Your most obedient servant,

sd/- Frank Holmes.

For and on behalf of

The Eastern & General Syndicate Ltd.,





86/1 (164) 154

Confidential.

No. 74. Political Agency, Kuwait.
Dated the 26th May 1932.

Mr 28/5
jc 30/5

From

BUSHIRE RESIDENCY.
Reg. No. 835
Date 30/5/32
CONFIDENTIAL RECORDS.

(32)

Lieutenant Colonel H.R.P. Dickson, C.I.E.,
Political Agent, Kuwait.

To

The Hon'ble the Political Resident
in the Persian Gulf, Bushire.

Major Holmes' Activities.

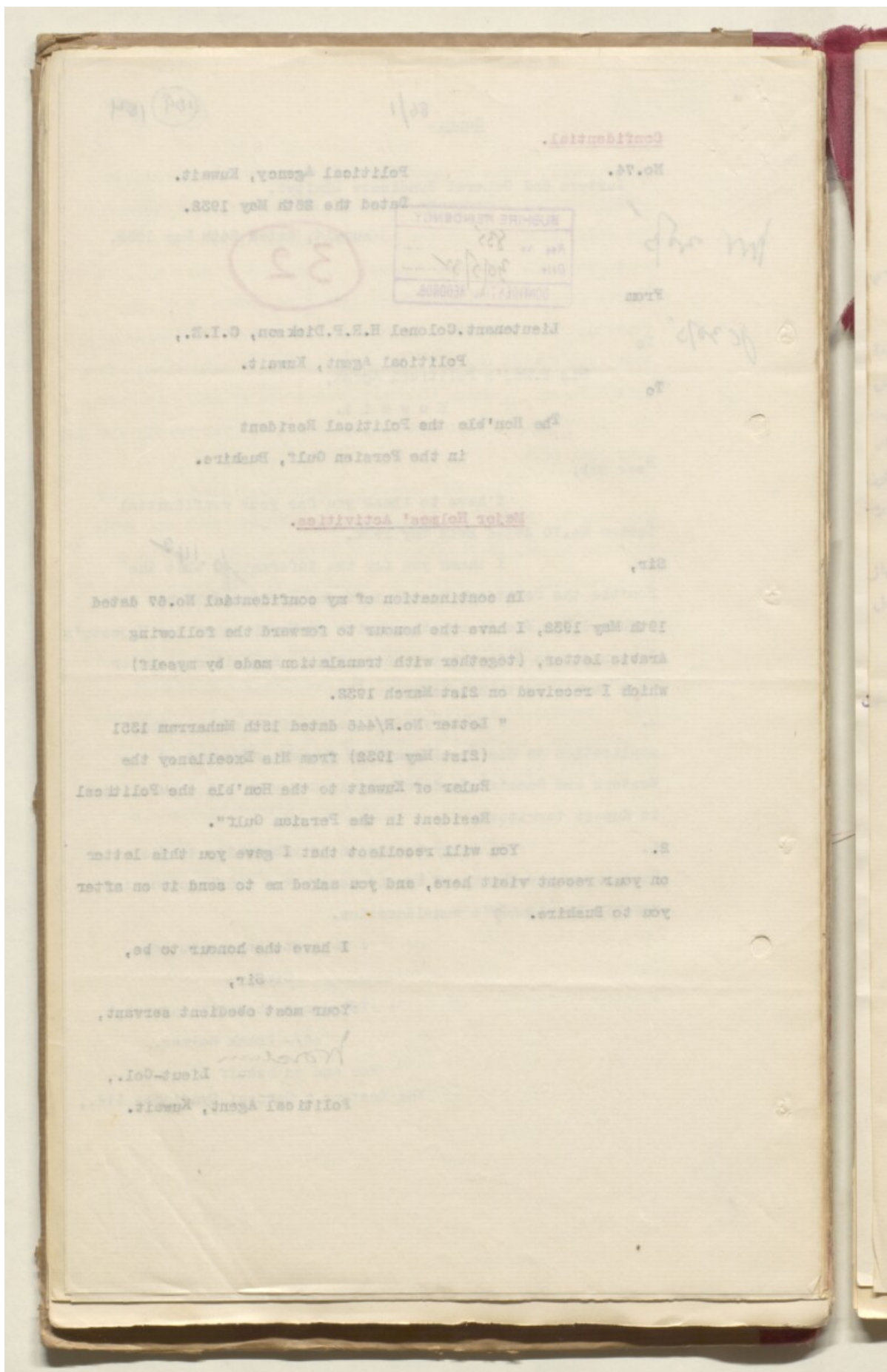
Sir,

In continuation of my confidential No. 67 dated 19th May 1932, I have the honour to forward the following Arabic letter, (together with translation made by myself) which I received on 21st March 1932.

" Letter No. R/446 dated 15th Muharram 1351 (21st May 1932) from His Excellency the Ruler of Kuwait to the Hon'ble the Political Resident in the Persian Gulf".

2. You will recollect that I gave you this letter on your recent visit here, and you asked me to send it on after you to Bushire.

I have the honour to be,
Sir,
Your most obedient servant,
W. Dickson
Lieut-Col.,
Political Agent, Kuwait.





(165) 155

Translation of a letter No.R/446 dated the 15th
Muharram 1351 (21st May 1932) from His Excellency the Ruler
of Kuwait, Kuwait to the Hon'ble Lieutenant-Colonel H.V.Biscoe,
Political Resident in the Persian Gulf, Bushire.

After compliments,

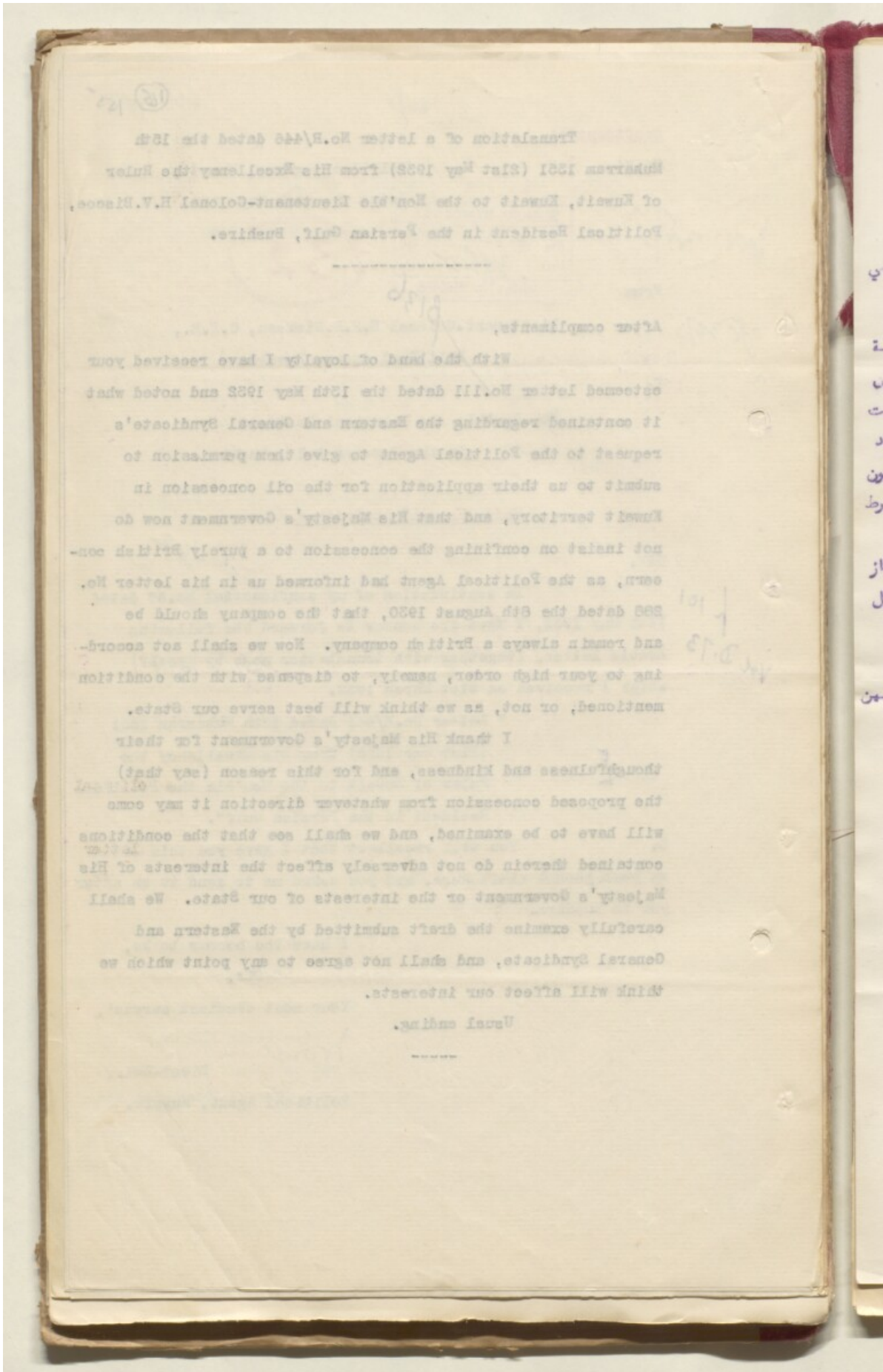
p136

With the hand of loyalty I have received your
esteemed letter No.111 dated the 13th May 1932 and noted what
it contained regarding the Eastern and General Syndicate's
request to the Political Agent to give them permission to
submit to us their application for the oil concession in
Kuwait territory, and that His Majesty's Government now do
not insist on confining the concession to a purely British con-
cern, as the Political Agent had informed us in his letter No.
288 dated the 8th August 1930, that the company should be
and remain always a British company. Now we shall act accord-
ing to your high order, namely, to dispense with the condition
mentioned, or not, as we think will best serve our State.

Vol D.73

I thank His Majesty's Government for their
thoughtfulness and kindness, and for this reason (say that)
the proposed concession from whatever direction it may come
will have to be examined, and we shall see that the conditions
contained therein do not adversely affect the interests of His
Majesty's Government or the interests of our State. We shall
carefully examine the draft submitted by the Eastern and
General Syndicate, and shall not agree to any point which we
think will affect our interests.

Usual ending.





(166)

نمبر
٤٤٦/١

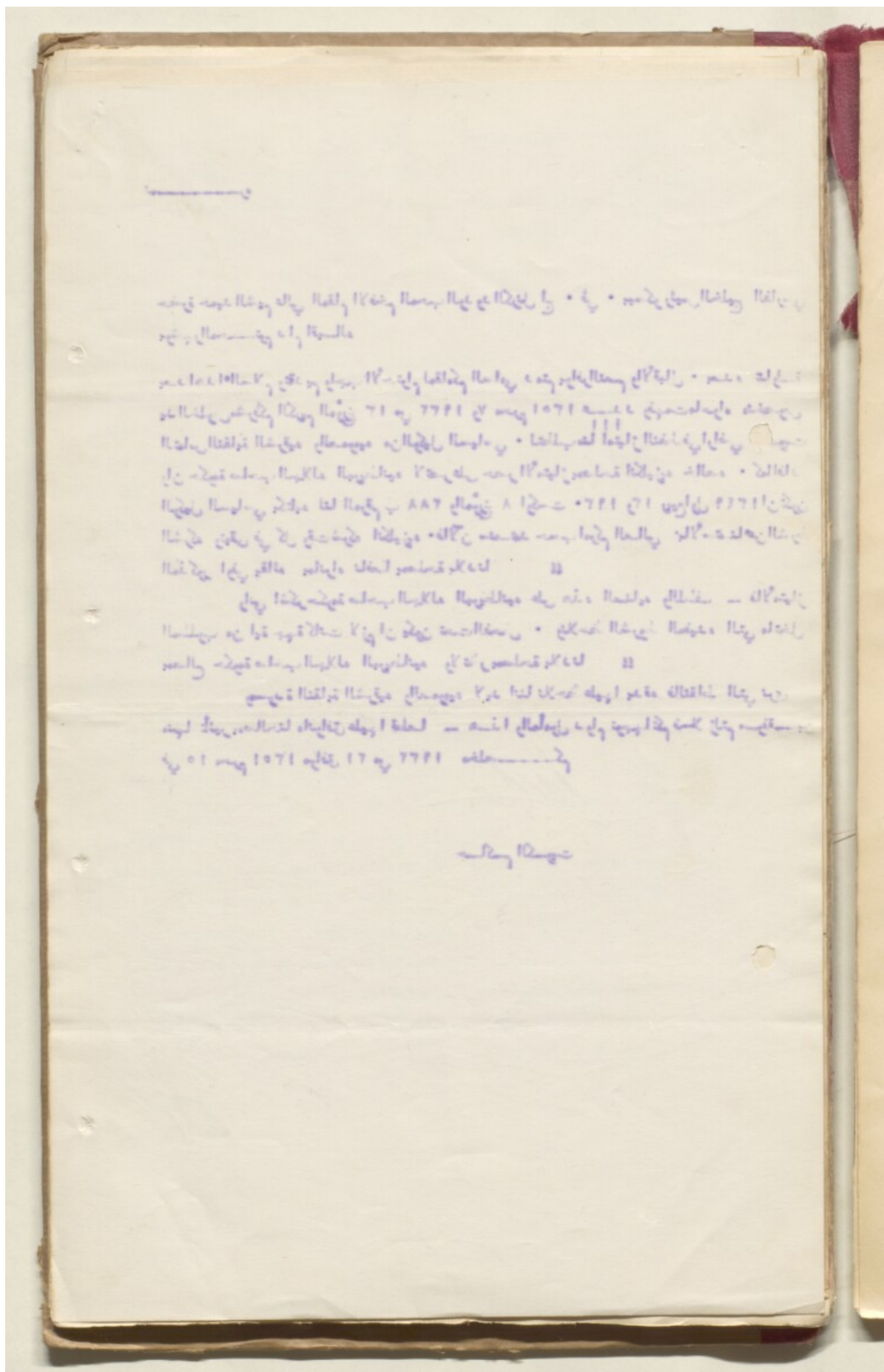
حضرة حميد الشهم عالي المقام الافخم المحب الودود الكوئيل اج . في . بمسكورثيس الخليج الفارسي
بوشهر المحسنون دام اقباله

بعد اهداء السلام وتقدير واجب الاحترام لمقامكم السامي دمت بموافرتكم والاقبال . بعده تناولت
يد الخلو مشرفكم الكرم المؤرخ ١٣ هي ١٩٣٢ ولا محرم ١٣٥١ عسدد رفعت باحواء مخصص
التماس النفاية الشرقية والعمومية من الوكيل السياسي . لتطلب منا امتياز النفاية في اراضي الكويت
وان حكومة صاحب الجلالة البريطانية لا تصر على حصر الامتياز بمصلحة انكليزية خالصة . كما افاد
الوكيل السياسي بكتابه لنا المرقم ب ٢٨٨ والمؤرخ ٨ اوكست ١٩٣٠ و ١٣ ربيع اول ١٣٤٩ ان تكون
الشركة وتبقى في كل وقت شركة انكليزية . فالآن ستعقد حسب امركم العالي بالاستماع من الشروط
المذكورة اوفي يقاته بماتراه نافعا بمصلحة بلادنا

واني اشكر حكومة صاحب الجلالة البريطانية على هذه العناية واللفت . فالامتياز
المطلوب من اية جهة كانت لازم ان يكون تحت الفحص . ونلاحظ الشروط المفيدة التي ماتخل
بمصلحة حكومة صاحب الجلالة البريطانية ولا تضر بمصلحة بلادنا

ومسودة النفاية الشرقية والعمومية لا بد اننا نلاحظ عليها بدقة فالنقاط التي ترى
منها تأثير بمصالحنا مانوافق عليها قطعاً . وهذا والمأمول دوام توجيهاتكم فضلاً زلتن مسوقتين
في ١٥ محرم ١٣٥١ الموافق ٢١ هي ١٩٣٢ مخلصكم

حاكم الكويت





Confidential.

No. F.282-N/28.

A copy of the undermentioned papers is forwarded to the Hon'ble the Political Resident in the Persian Gulf, for information, in continuation of endorsement from the Government of India in the Foreign and Political Department No. F.282-N/28, dated the 27th April 1932.

By order, etc.,

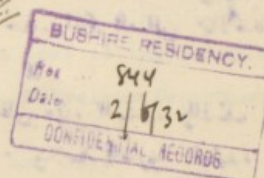
Calvin

Assistant Secretary to the Government of India.

Foreign and Political Department.

Simla:

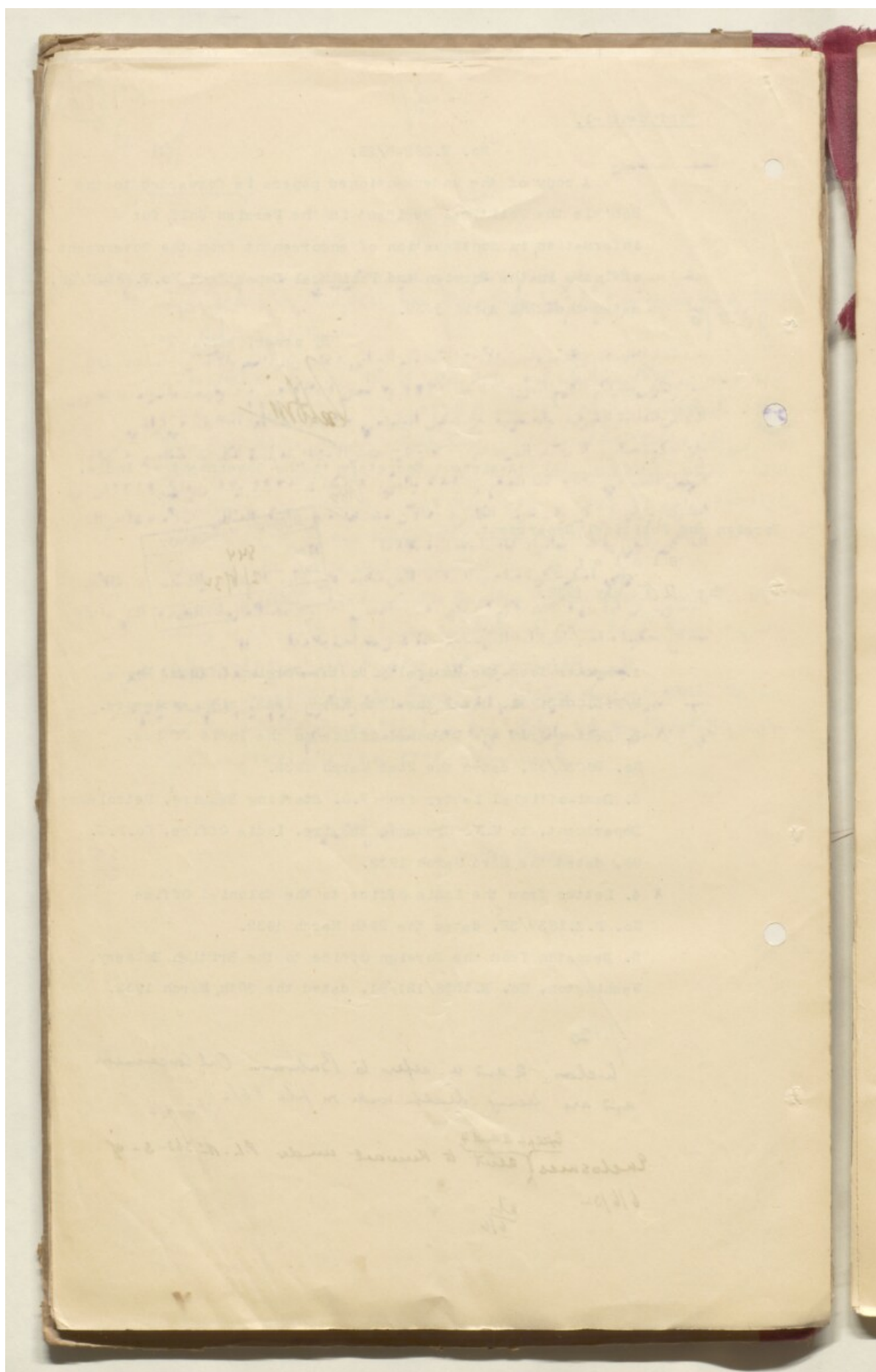
The 25th May 1932.



1. Letter from the Admiralty to the Foreign Office, No. M/P.D.04031/32, dated the 17th March 1932, with enclosure.
- X 2. Letter from the Colonial Office to the India Office, No. 98035/32, dated the 21st March 1932.
3. Demi-official letter from E.C. Starling Esquire, Petroleum Department, to H.J. Clauson, Esquire, India Office, No. P.D. 98, dated the 23rd March 1932.
- X 4. Letter from the India Office to the Colonial Office No. P.Z.1839/32, dated the 29th March 1932.
5. Despatch from the Foreign Office to the British Embassy, Washington, No. E.1558/121/91, dated the 30th March 1932.

6/20
Inclos. 2 and 4. refer to Bahrain Oil Concession and are being dealt with on file 86/2. *gc 4/6*

except 2 and 4
Enclosures sent to Kuwait under P.L. No. 362-S- of
6/6/32 *2/6/32*





158 (168)

Secret.

M/P.D.04031/32

17th March 1932.

Sir,

With reference to recent demi-official correspondence concerning the grant of an oil concession in Koweit to Americalⁿ interests, I am commanded by My Lords Commissioners of the Admiralty to forward for the information of the Secretary of State for Foreign Affairs a copy of a memorandum which has been prepared by the Admiralty on the question of the application of the British Control Clause to this territory.

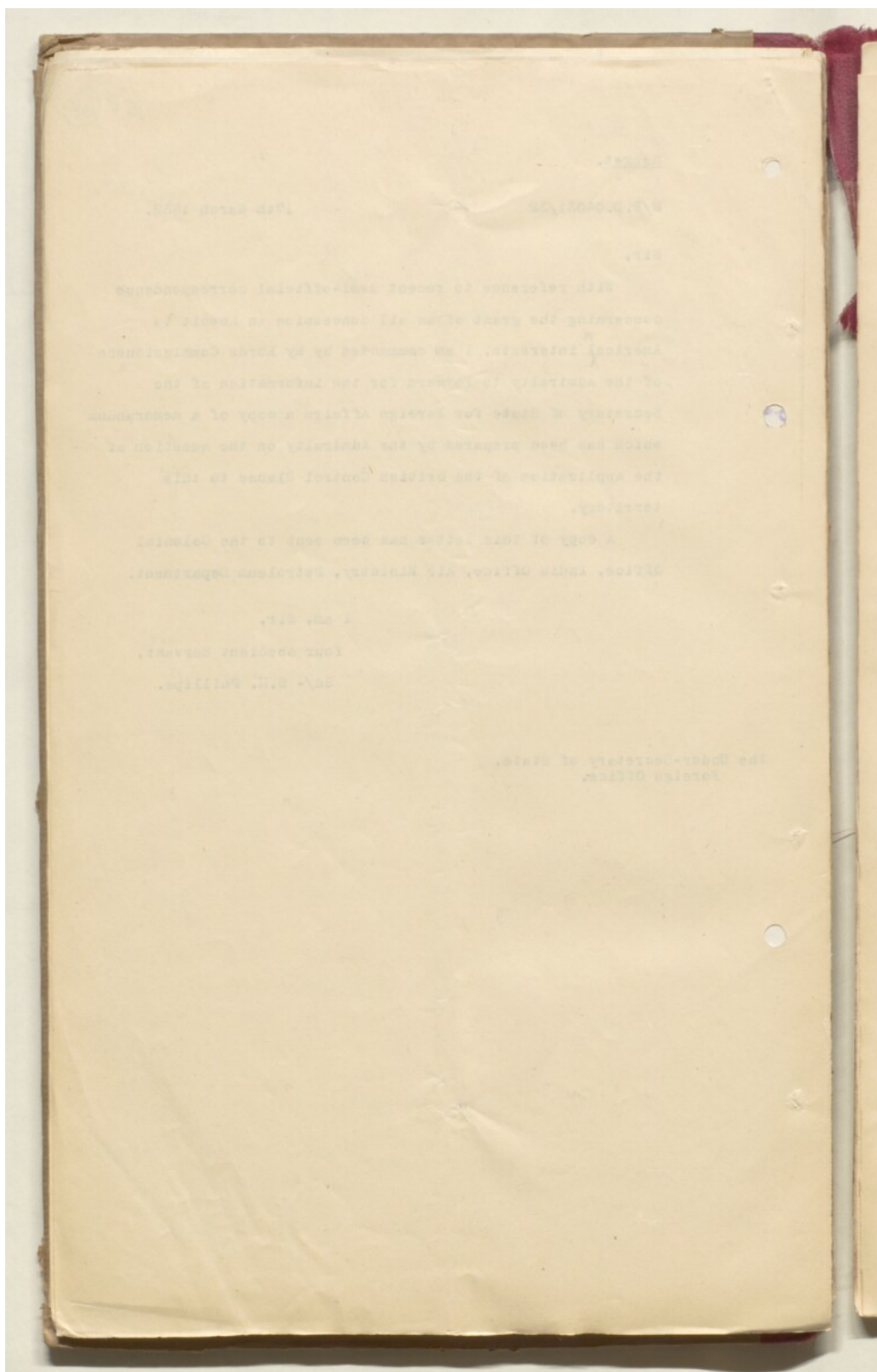
A copy of this letter has been sent to the Colonial Office, India Office, Air Ministry, Petroleum Department.

I am, Sir,

Your obedient Servant,

Sd/- S.H. Phillips.

The Under-Secretary of State,
Foreign Office.





Secret.

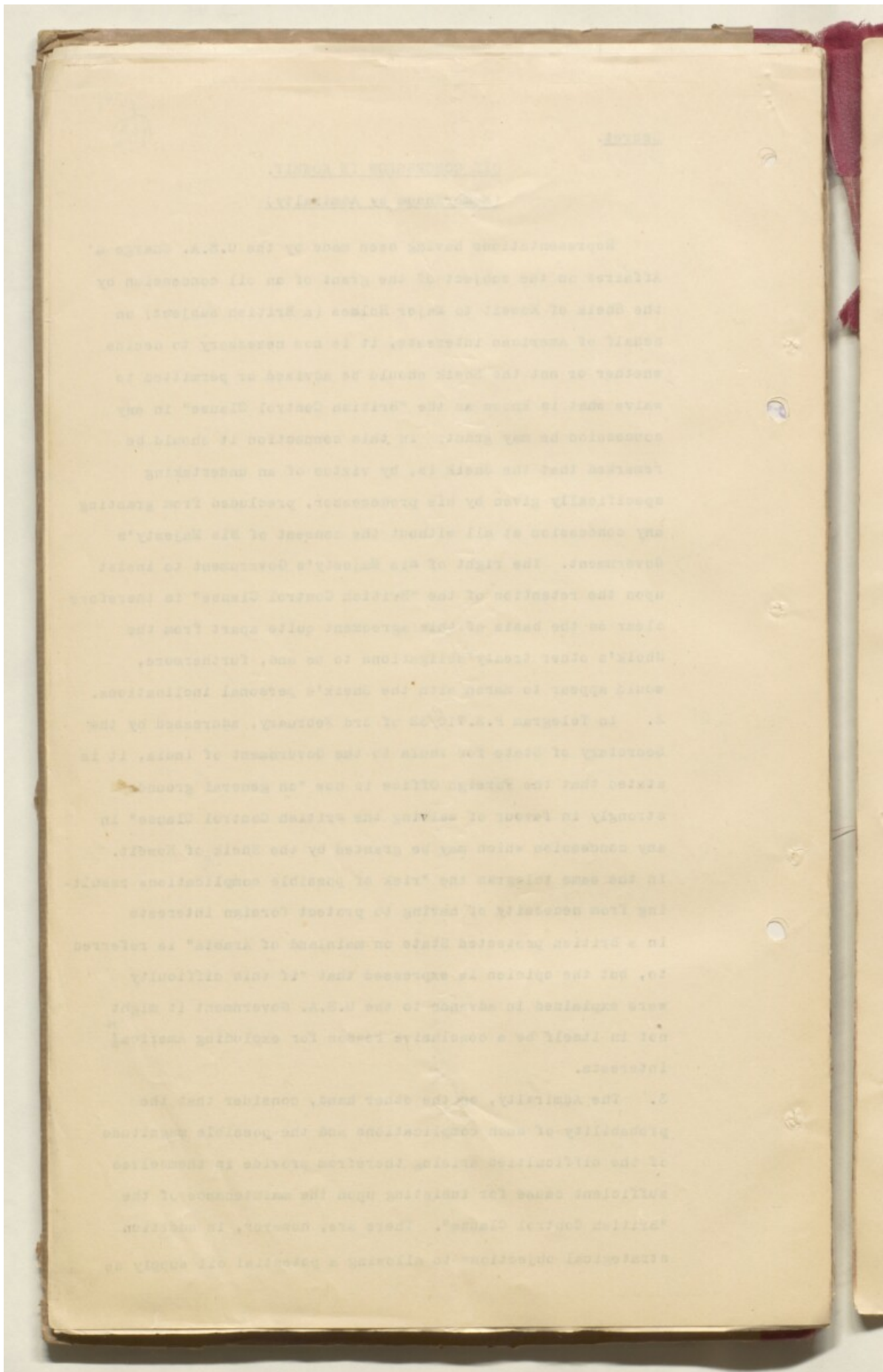
OIL CONCESSION IN KOWEIT.

(Memorandum by Admiralty)

Representations having been made by the U.S.A. Charge d' Affaires on the subject of the grant of an oil concession by the Sheik of Koweit to Major Holmes (a British subject) on behalf of American interests, it is now necessary to decide whether or not the Sheik should be advised or permitted to waive what is known as the "British Control Clause" in any concession he may grant. In this connection it should be remarked that the Sheik is, by virtue of an undertaking specifically given by his predecessor, precluded from granting any concession at all without the consent of His Majesty's Government. The right of His Majesty's Government to insist upon the retention of the "British Control Clause" is therefore clear on the basis of this agreement quite apart from the Sheik's other treaty obligations to us and, furthermore, would appear to march with the Sheik's personal inclinations.

2. In Telegram P.Z.710/32 of 3rd February, addressed by the Secretary of State for India to the Government of India, it is stated that the Foreign Office is now "on general grounds strongly in favour of waiving the British Control Clause" in any concession which may be granted by the Sheik of Koweit. In the same telegram the "risk of possible complications resulting from necessity of having to protect foreign interests in a British protected State on mainland of Arabia" is referred to, but the opinion is expressed that "if this difficulty were explained in advance to the U.S.A. Government it might not in itself be a conclusive reason for excluding American⁷ interests.

3. The Admiralty, on the other hand, consider that the probability of such complications and the possible magnitude of the difficulties arising therefrom provide in themselves sufficient cause for insisting upon the maintenance of the "British Control Clause". There are, however, in addition strategical objections to allowing a potential oil supply so





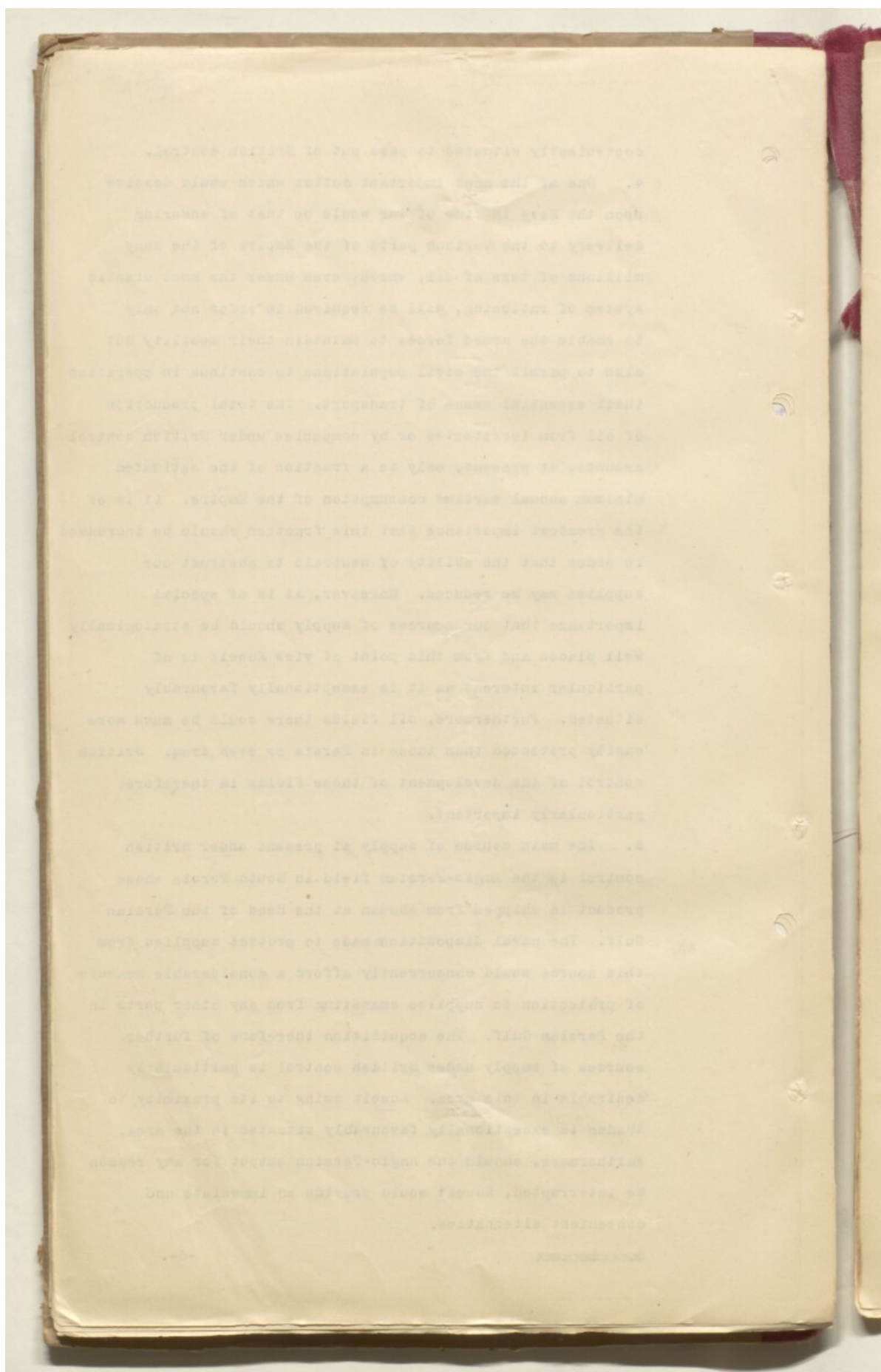
(170) 160
conveniently situated to pass out of British control.

4. One of the most important duties which would devolve upon the Navy in time of war would be that of ensuring delivery to the various parts of the Empire of the many millions of tons of oil, which, even under the most drastic system of rationing, will be required in order not only to enable the armed forces to maintain their mobility but also to permit the civil populations to continue in operation their essential means of transport. The total production of oil from territories or by companies under British control amounts, at present, only to a fraction of the estimated minimum annual wartime consumption of the Empire. It is of the greatest importance that this fraction should be increased in order that the ability of neutrals to obstruct our supplies may be reduced. Moreover, it is of special importance that our sources of supply should be strategically well placed and from this point of view Koweit is of particular interest as it is exceptionally favourably situated. Furthermore, oil fields there could be much more easily protected than those in Persia or even Iraq. British control of the development of these fields is therefore particularly important.

5. The main source of supply at present under British control is the Anglo-Persian field in South Persia whose product is shipped from Abadan at the Head of the Persian Gulf. The naval dispositions made to protect supplies from this source would concurrently afford a considerable measure of protection to supplies emanating from any other ports in the Persian Gulf. The acquisition therefore of further sources of supply under British control is particularly desirable in this area. Koweit owing to its proximity to Abadan is exceptionally favourably situated in the area. Furthermore, should the Anglo-Persian output for any reason be interrupted, Koweit would provide an immediate and convenient alternative.

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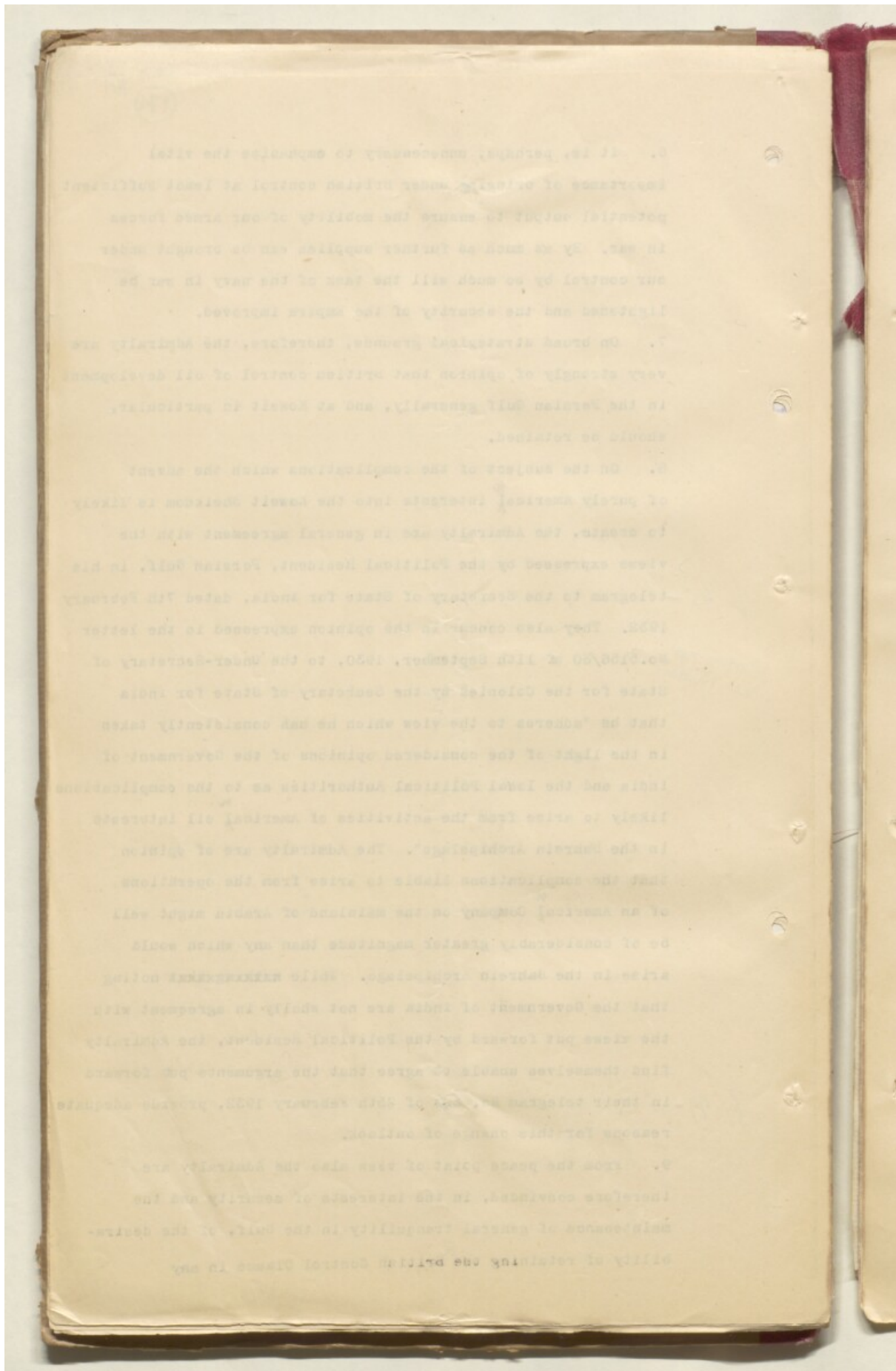


(174) 151
6. It is, perhaps, unnecessary to emphasise the vital importance of bringing under British control at least sufficient potential output to ensure the mobility of our armed forces in war. By as much as further supplies can be brought under our control by so much will the task of the navy in war be lightened and the security of the Empire improved.

7. On broad strategical grounds, therefore, the Admiralty are very strongly of opinion that British control of oil development in the Persian Gulf generally, and at Koweit in particular, should be retained.

8. On the subject of the complications which the advent of purely Americanⁿ interests into the Koweit Sheikdom is likely to create, the Admiralty are in general agreement with the views expressed by the Political Resident, Persian Gulf, in his telegram to the Secretary of State for India, dated 7th February 1932. They also concur in the opinion expressed in the letter No. 5156/30 of 11th September, 1930, to the Under-Secretary of State for the Colonies by the Secretary of State for India that he "adheres to the view which he has consistently taken in the light of the considered opinions of the Government of India and the local Political Authorities as to the complications likely to arise from the activities of Americanⁿ oil interests in the Bahrein Archipelago". The Admiralty are of opinion that the complications liable to arise from the operations of an Americanⁿ Company on the mainland of Arabia might well be of considerably greater magnitude than any which would arise in the Bahrein Archipelago. While ~~noting~~ noting that the Government of India are not wholly in agreement with the views put forward by the Political Resident, the Admiralty find themselves unable to agree that the arguments put forward in their telegram No. 623 of 25th February 1932, provide adequate reasons for this change of outlook.

9. From the peace point of view also the Admiralty are therefore convinced, in the interests of security and the maintenance of general tranquility in the Gulf, of the desirability of retaining the British Control Clause in any





(172) 162

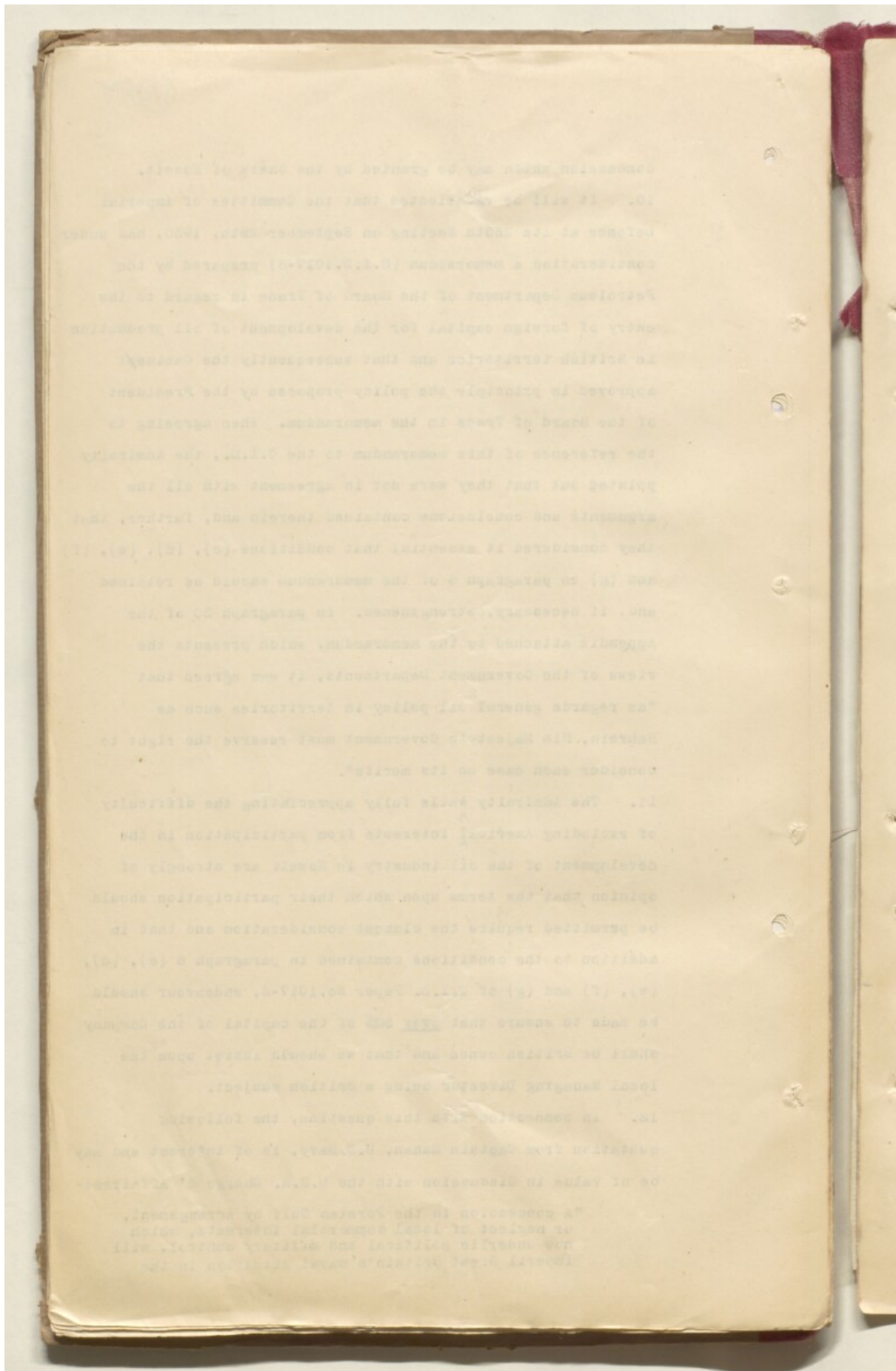
concession which may be granted by the Sheik of Koweit.

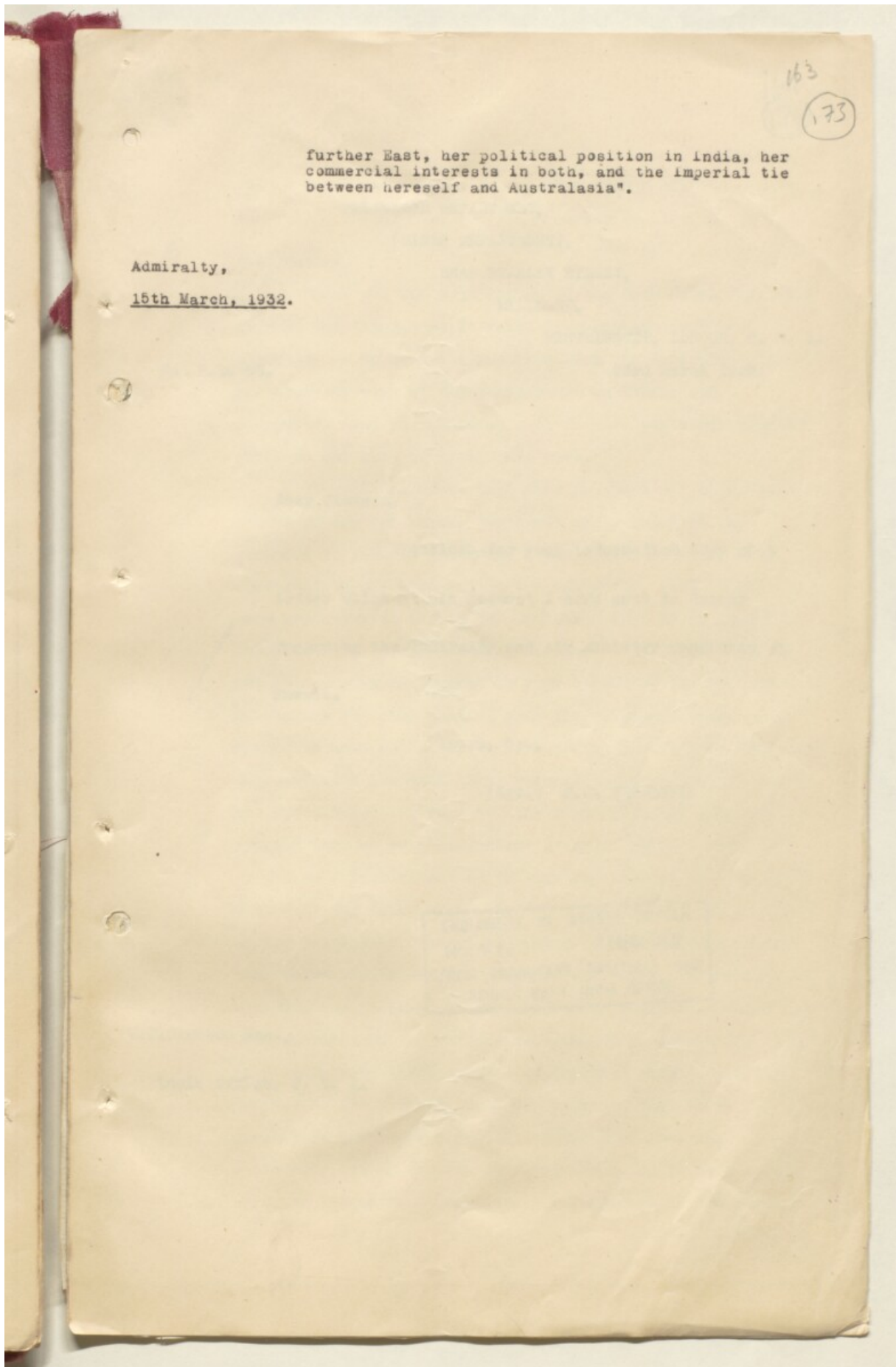
10. It will be recollected that the Committee of Imperial Defence at its 250th Meeting on September 29th, 1930, had under consideration a memorandum (C.I.D.1017-B) prepared by the Petroleum Department of the Board of Trade in regard to the entry of foreign capital for the development of oil production in British territories and that subsequently the Cabinet approved in principle the policy proposed by the President of the Board of Trade in the memorandum. When agreeing to the reference of this memorandum to the C.I.D., the Admiralty pointed out that they were not in agreement with all the arguments and conclusions contained therein and, further, that they considered it essential that conditions (c), (d), (e), (f) and (g) in paragraph 6 of the memorandum should be retained and, if necessary, strengthened. In paragraph 30 of the Appendix attached to the memorandum, which presents the views of the Government Departments, it was agreed that "as regards general oil policy in territories such as Bahrein, His Majesty's Government must reserve the right to consider each case on its merits".

11. The Admiralty while fully appreciating the difficulty of excluding Americanⁿ interests from participation in the development of the oil industry in Koweit are strongly of opinion that the terms upon which their participation should be permitted require the closest consideration and that in addition to the conditions contained in paragraph 6 (c), (d), (e), (f) and (g) of C.I.D. Paper No.1017-B, endeavour should be made to ensure that over 50% of the capital of the Company shall be British owned and that we should insist upon the local Managing Director being a British subject.

12. In connection with this question, the following quotation from Captain Mahan, U.S.Navy, is of interest and may be of value in discussion with the U.S.A. Charge d' Affaires:-

"A concession in the Persian Gulf by arrangement, or neglect of local commercial interests, which now underlie political and military control, will imperil Great Britain's naval situation in the

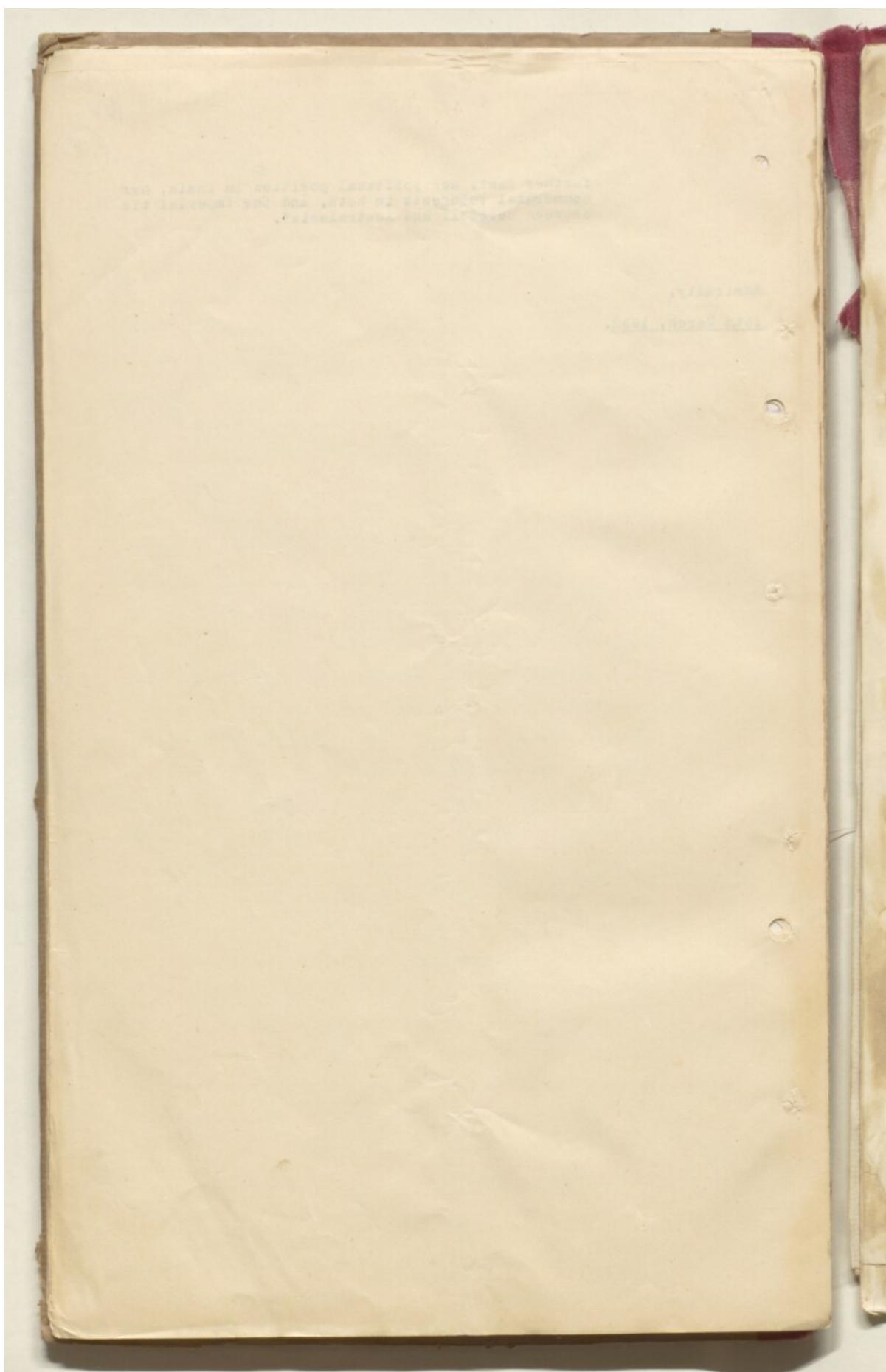


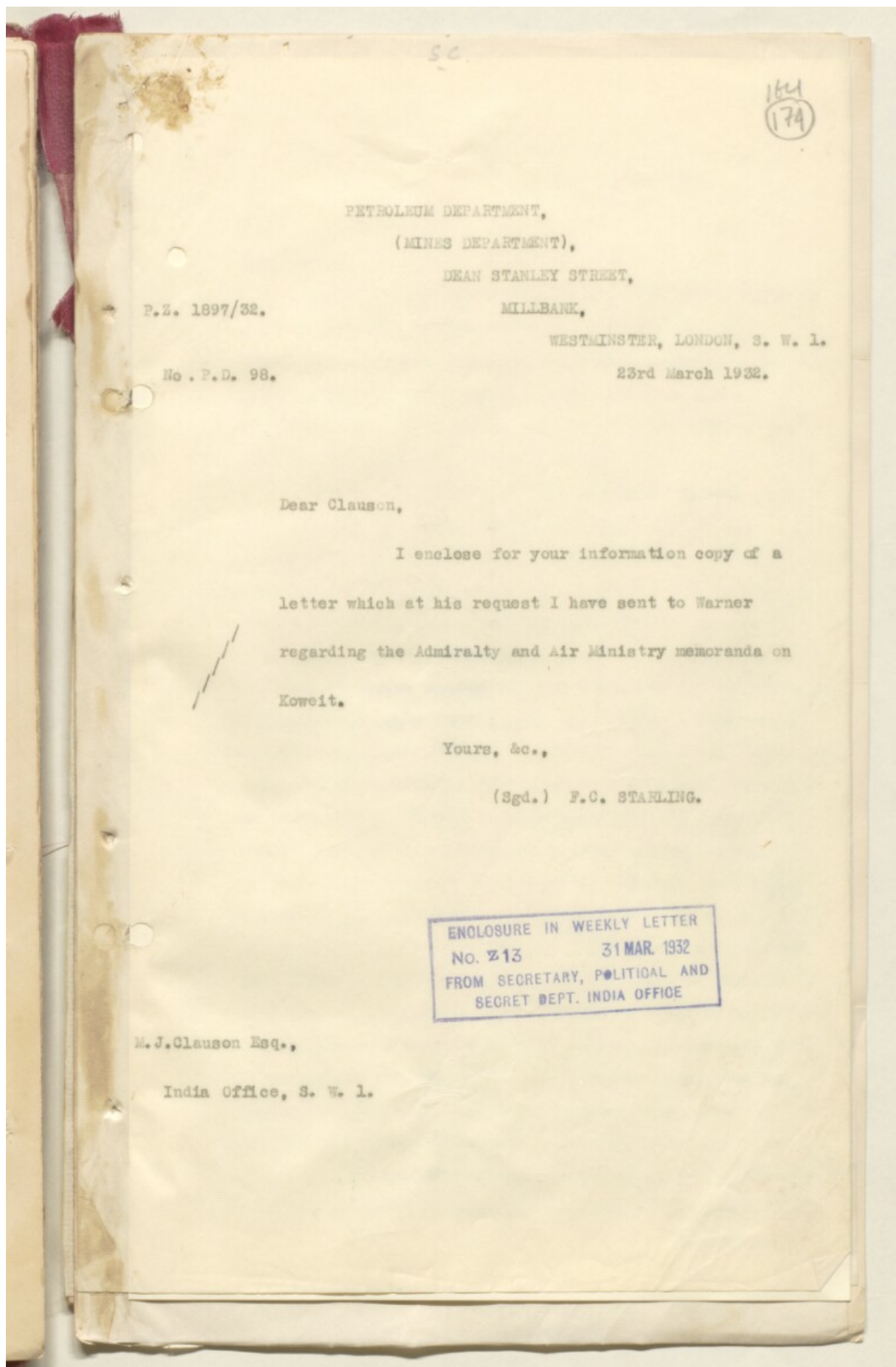


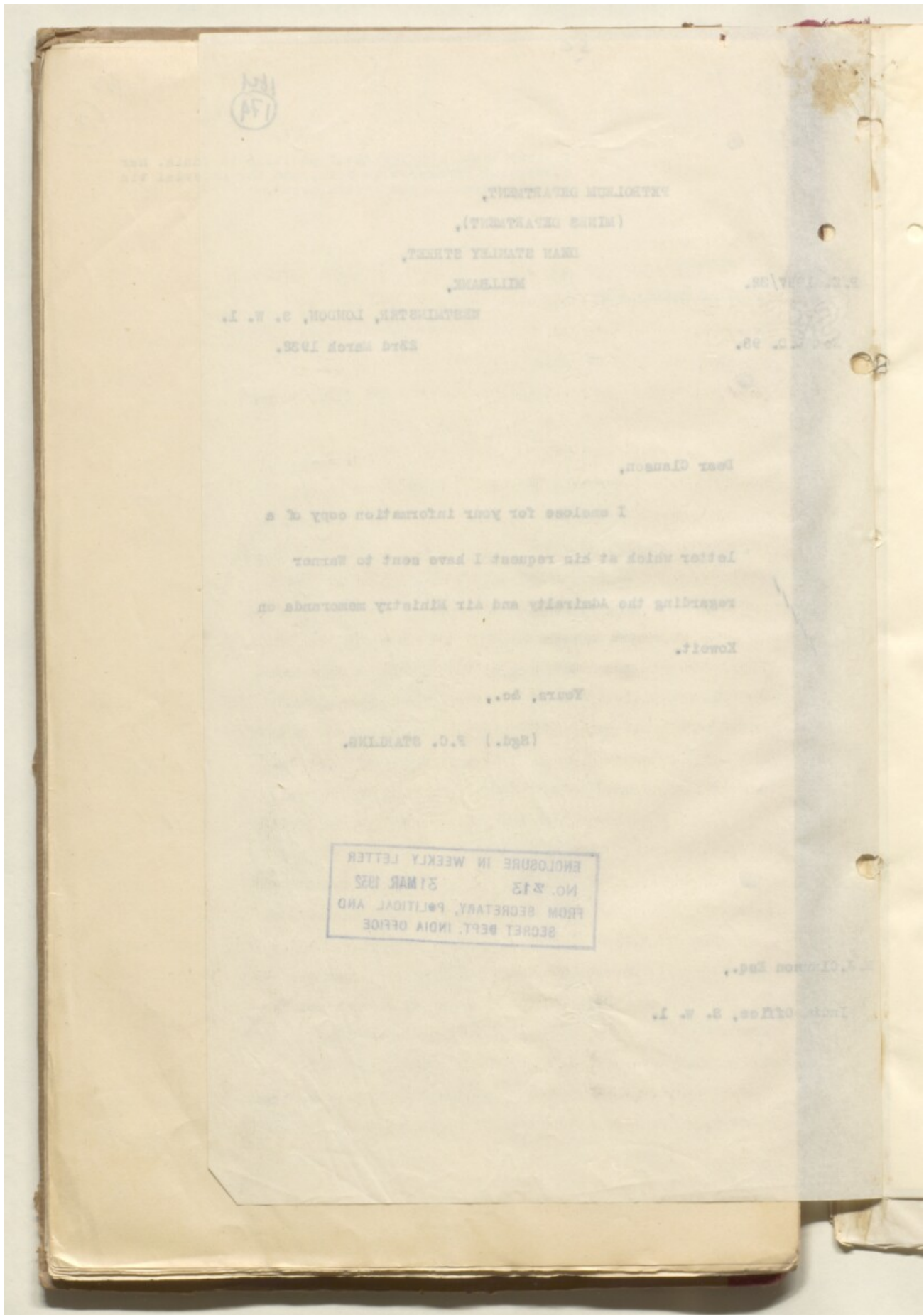
163
(173)
further East, her political position in India, her
commercial interests in both, and the imperial tie
between herself and Australasia".

Admiralty,

15th March, 1932.









163-175
22nd March, 1932.

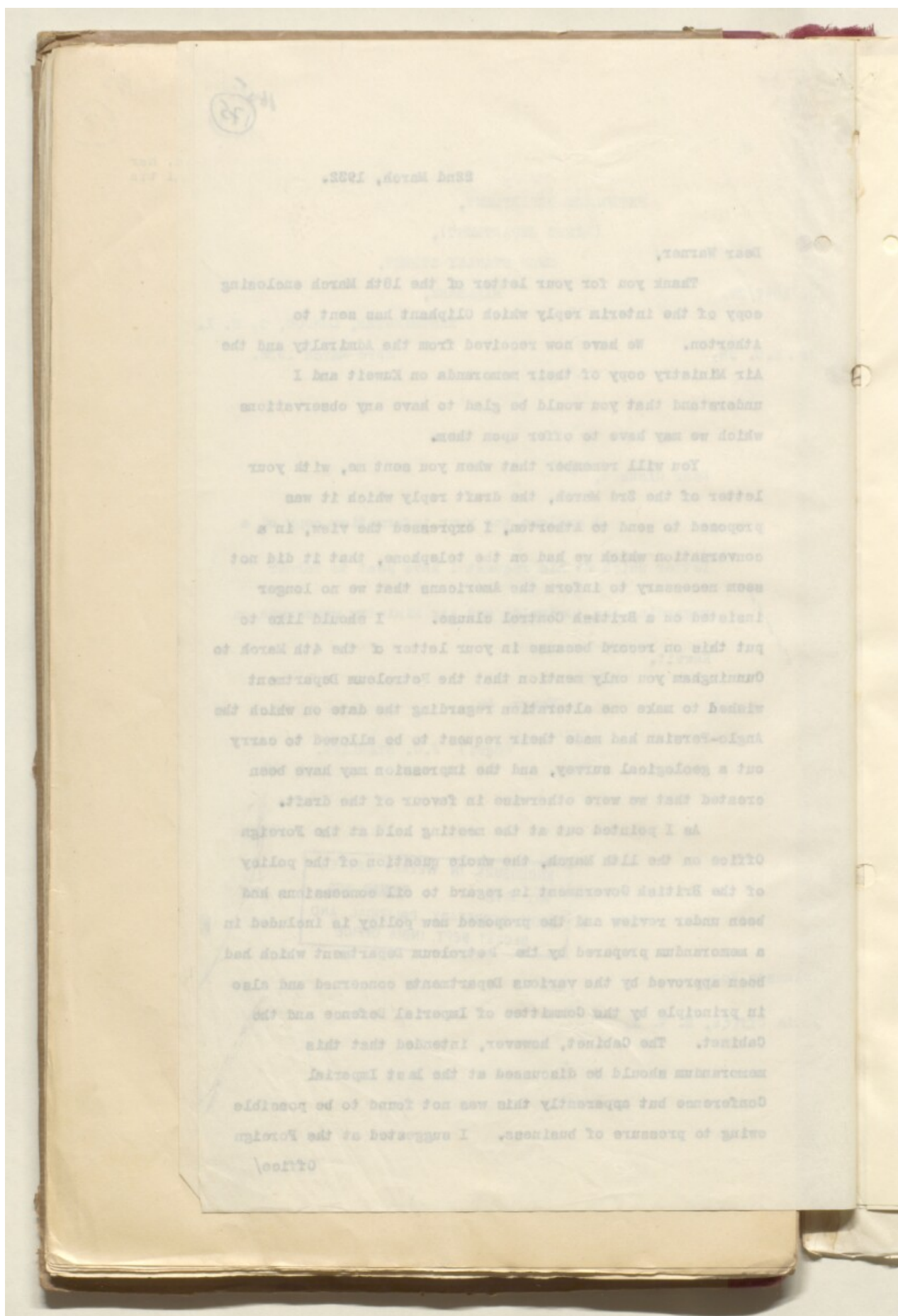
Dear Warner,

Thank you for your letter of the 18th March enclosing copy of the interim reply which Oliphant has sent to Atherton. We have now received from the Admiralty and the Air Ministry copy of their memoranda on Kuwait and I understand that you would be glad to have any observations which we may have to offer upon them.

You will remember that when you sent me, with your letter of the 3rd March, the draft reply which it was proposed to send to Atherton, I expressed the view, in a conversation which we had on the telephone, that it did not seem necessary to inform the Americans that we no longer insisted on a British Control clause. I should like to put this on record because in your letter of the 4th March to Cunningham you only mention that the Petroleum Department wished to make one alteration regarding the date on which the Anglo-Persian had made their request to be allowed to carry out a geological survey, and the impression may have been created that we were otherwise in favour of the draft.

As I pointed out at the meeting held at the Foreign Office on the 11th March, the whole question of the policy of the British Government in regard to oil concessions had been under review and the proposed new policy is included in a memorandum prepared by the Petroleum Department which had been approved by the various Departments concerned and also in principle by the Committee of Imperial Defence and the Cabinet. The Cabinet, however, intended that this memorandum should be discussed at the last Imperial Conference but apparently this was not found to be possible owing to pressure of business. I suggested at the Foreign

Office/





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Office Conference that what had been decided in the interests of British territories generally should be also in the interests of any territories which either accepted British protection or British advice in regard to matters such as oil concessions.

Until the new policy has been finally endorsed by H.M. Government, there is a difficulty in intimating to the American Government that we have the whole of our policy under consideration and hope to be able to discuss with them a modified basis which we hope will be acceptable to them and which would lead them to regard the British Empire as a reciprocating country under the provisions of their Oil Leasing Act, 1920.

The question of the status of Kuwait is not a matter upon which the Petroleum Department will be expected to express any views, but if the suggestion I made at the Foreign Office Conference is accepted it does not seem to me to matter very much because if we are not in a position to insist on the insertion of some form of British control clause we can at least suggest to the Sheik that here is something that we consider desirable in the case of territories which are definitely part of the British Empire, and I imagine he would not be likely to ignore advice of that kind. The Admiralty, apparently however, want to go, in the case of Kuwait, rather further than we suggest is necessary in the case of British territories and to insist that more than 50 per cent. of the capital of any company which may be given a concession shall be British owned. If H.M. Government decide that the position of Kuwait is so important, from a defence point of view, that this additional safeguard is really necessary, we have nothing further to say. I think, however, we should bear in mind that the conditions already included/



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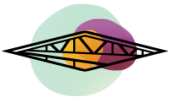
included in the memorandum by the Petroleum Department are very stringent and there may be some difficulty in inducing the American Government to accept them as a reasonable basis for admitting the British Empire as a reciprocating country. As things are at present it is possible for some foreign capital to be invested in British companies which obtain oil concessions in the Empire and really the only change in policy is the withdrawal of the ban against companies which may contain more than 50 per cent. of foreign capital.

It seems possible, however, that, provided the Admiralty and the Air Ministry could accept the position of a majority of foreign capital being allowed, a way out of the difficulty which might be found by the inclusion in the Kuwait concession of a British control clause on the lines suggested in the Petroleum Department's memorandum. We should then be able to keep our policy in line, when the time comes for discussing the general question of reciprocity with the Americans.

I do not think the remaining conditions should present much difficulty. The Eastern and General Syndicate have raised no objection to having a company registered in Canada and this would comply with Condition (d) of our Memorandum. They have also accepted, in the case of Bahrein, the Condition that one Director and the company's chief local representative shall be British subjects and that as many employees of the Bahrein Petroleum Company as is consistent with the carrying on of the undertaking shall at all times be British subjects or subjects of the Sheik of Bahrein. This substantially complies with Condition (e).

As regards Condition (f), which relates to refining, oil companies now usually prefer, for economic reasons, to refine as much as possible at the point of production since

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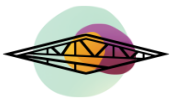
included in the memorandum by the Petroleum Department are
very stringent and there may be some difficulty in inducing
the American Government to accept them as a reasonable
basis for admitting the British Empire as a participating
country. As things are at present it is possible for some
foreign capital to be invested in British companies which
obtain oil concessions in the region and really the only
change in policy is the withdrawal of the ban and not
companies which may contain more than 50 per cent of foreign
capital.

It seems possible, however, that, provided the
Ministry and the Air Ministry could accept the position of a
majority of foreign capital being allowed, a way out of the
difficulty which might be faced by the inclusion in the
Investment concession of a British control clause on the lines
suggested in the Petroleum Department's memorandum.

We should then be able to keep our policy in line, when the
time comes for discussing the general question of reciprocity
with the Americans.

I do not think the remaining conditions should
present much difficulty. The Eastern and General Syndicate
have raised no objection to having a company registered in
Canada and this would comply with Condition (4) of our
memorandum. They have also accepted, in the case of
Bahrein, the condition that one of our and the company's
chief local representative shall be British subject and that
as many employees of the Bahrein Petroleum Company as is
consistent with the carrying on of the undertaking shall at
all times be British subjects or subjects of the British
Empire. This substantially complies with Condition (5).

As regards Condition (7), which relates to retaining
oil concessions now usually given, for economic reasons, to
refine as much as possible at the point of production those

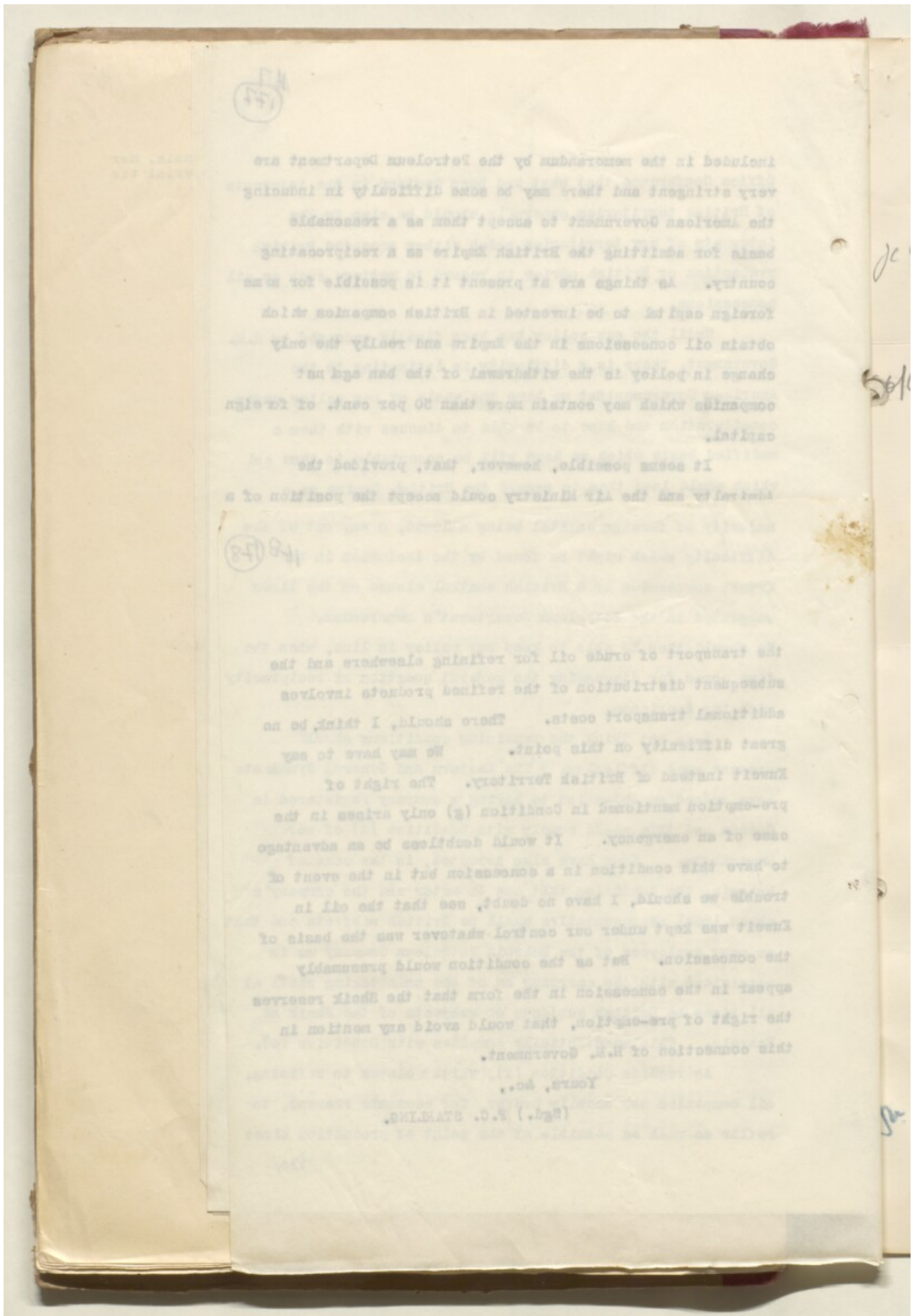


168 (178)

the transport of crude oil for refining elsewhere and the subsequent distribution of the refined products involves additional transport costs. There should, I think, be no great difficulty on this point. We may have to say Kuwait instead of British Territory. The right of pre-emption mentioned in Condition (g) only arises in the case of an emergency. It would doubtless be an advantage to have this condition in a concession but in the event of trouble we should, I have no doubt, see that the oil in Kuwait was kept under our control whatever was the basis of the concession. But as the condition would presumably appear in the concession in the form that the Sheik reserves the right of pre-emption, that would avoid any mention in this connection of H.M. Government.

Yours, &c.,

(Sgd.) F.C. STANLING.





86/1 (179)

Confidential:

No.75. Political Agency, Kuwait.
Dated the 27th May 1932.

jc 6/6

56/6

From Lieutenant-Colonel H.R.P. Dickson, C.I.E.,
Political Agent, Kuwait.

To The Hon'ble the Political Resident
in the Persian Gulf, Bushire.

Major Holmes' Activities.

Sir,

In continuation of my confidential despatch No.73 dated the 26th May 1932 and paragraph 9.

2. I have the honour to enclose herewith a copy of the draft agreement which Major Holmes presented to His Excellency the Shaikh on 26th May 1932.

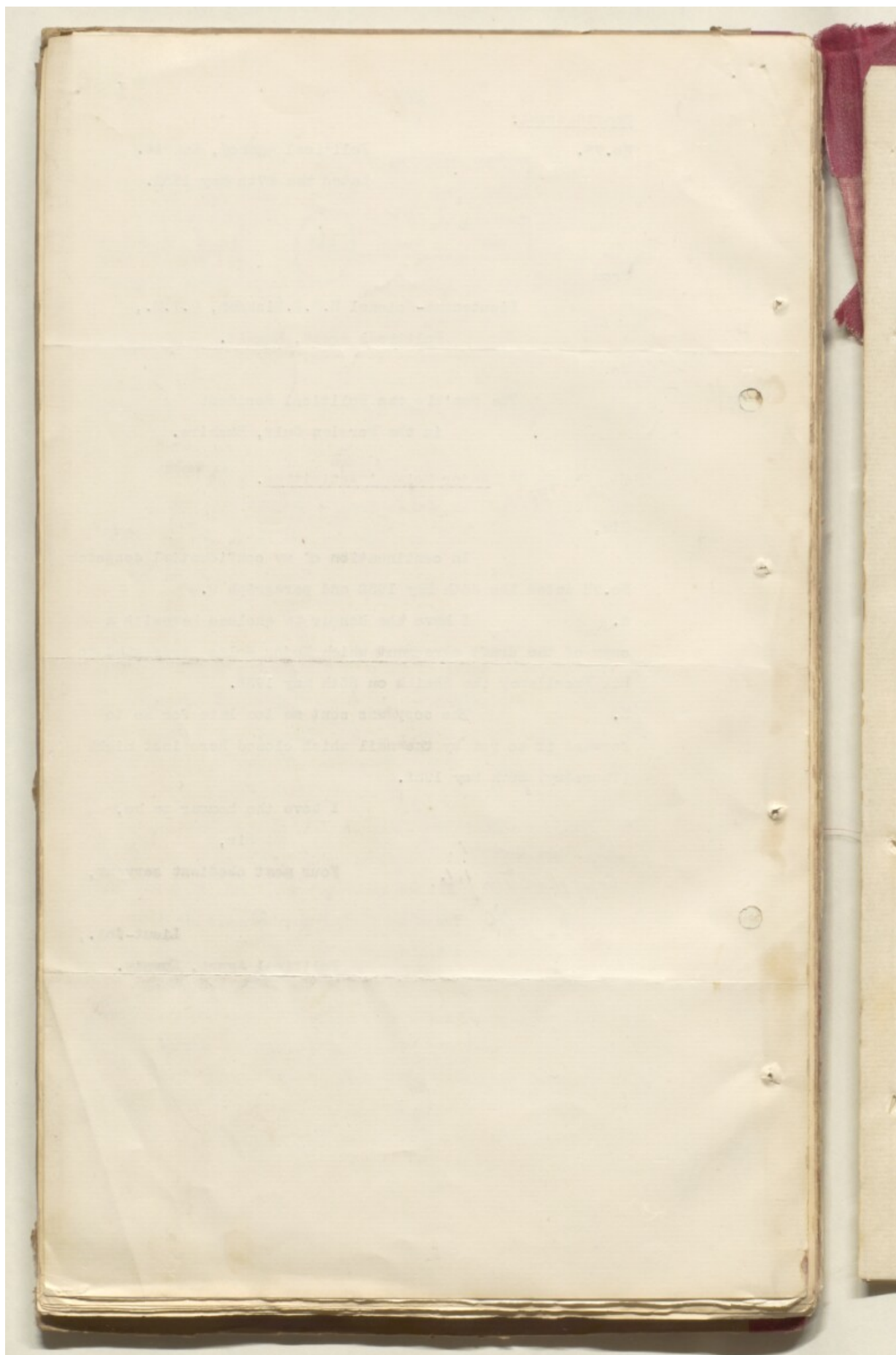
3. The copy was sent me too late for me to forward it to you by the mail which closed here last night (Thursday) 26th May 1932.

I have the honour to be,
Sir,
Your most obedient servant,
J.R.P. Dickson Lieut-Col.,
Political Agent, Kuwait.

Kept as answer.
Copy placed on file.
JC

34 mw 6/6

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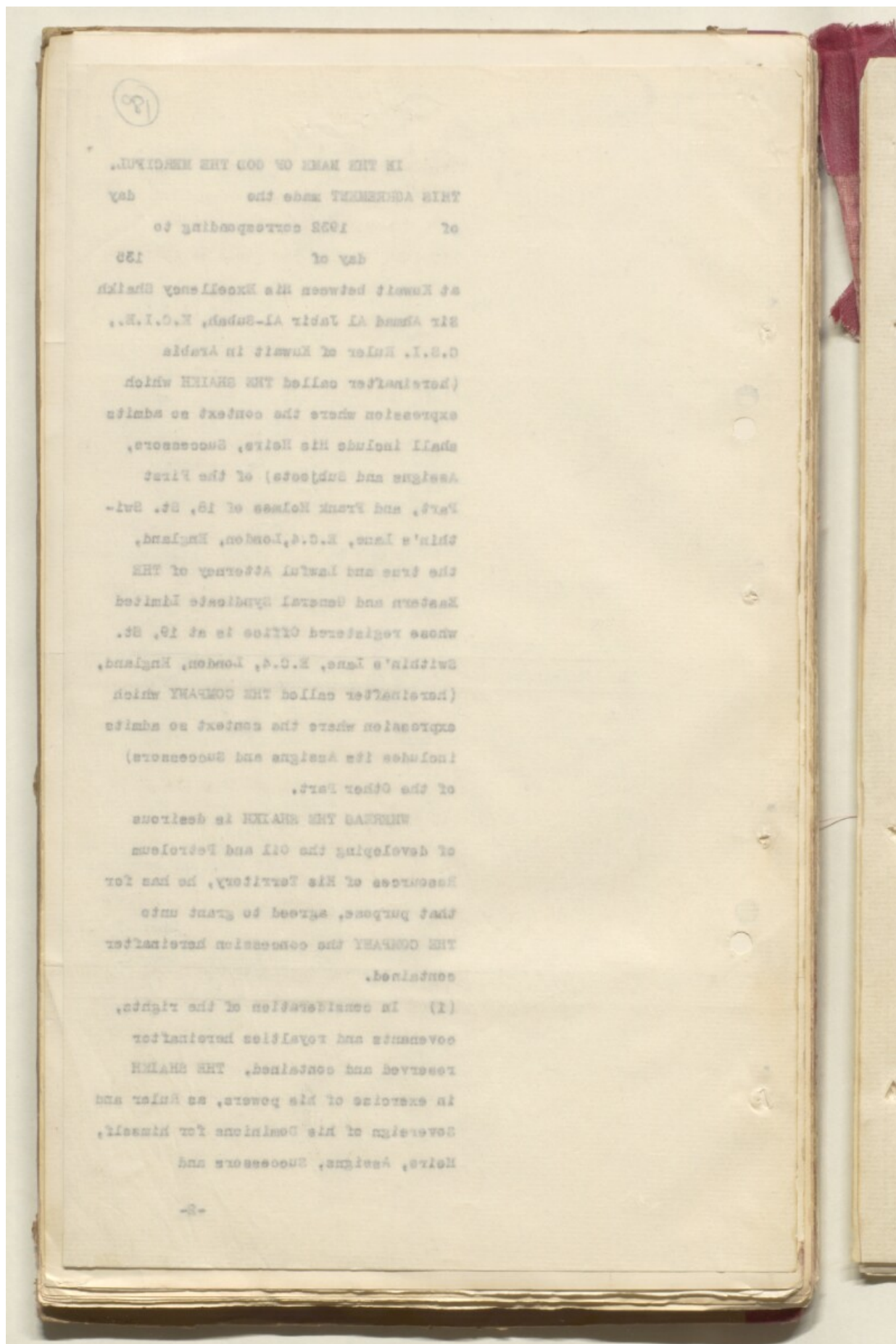
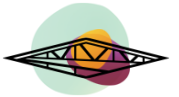


180

IN THE NAME OF GOD THE MERCIFUL.
THIS AGREEMENT made the day
of 1932 corresponding to
 day of 135
at Kuwait between His Excellency Shaikh
Sir Ahmad Al Jabir Al-Subah, K.C.I.M.,
C.S.I. Ruler of Kuwait in Arabia
(hereinafter called THE SHAIKH which
expression where the context so admits
shall include His Heirs, Successors,
Assigns and Subjects) of the First
Part, and Frank Holmes of 18, St. Swi-
thin's Lane, E.C.4, London, England,
the true and Lawful Attorney of THE
Eastern and General Syndicate Limited
whose registered Office is at 19, St.
Swithin's Lane, E.C.4, London, England,
(hereinafter called THE COMPANY which
expression where the context so admits
includes its Assigns and Successors)
of the Other Part.

WHEREAS THE SHAIKH is desirous
of developing the Oil and Petroleum
Resources of His Territory, he has for
that purpose, agreed to grant unto
THE COMPANY the concession hereinafter
contained.

(1) In consideration of the rights,
covenants and royalties hereinafter
reserved and contained, THE SHAIKH
in exercise of his powers, as Ruler and
Sovereign of his Dominions for himself,
Heirs, Assigns, Successors and





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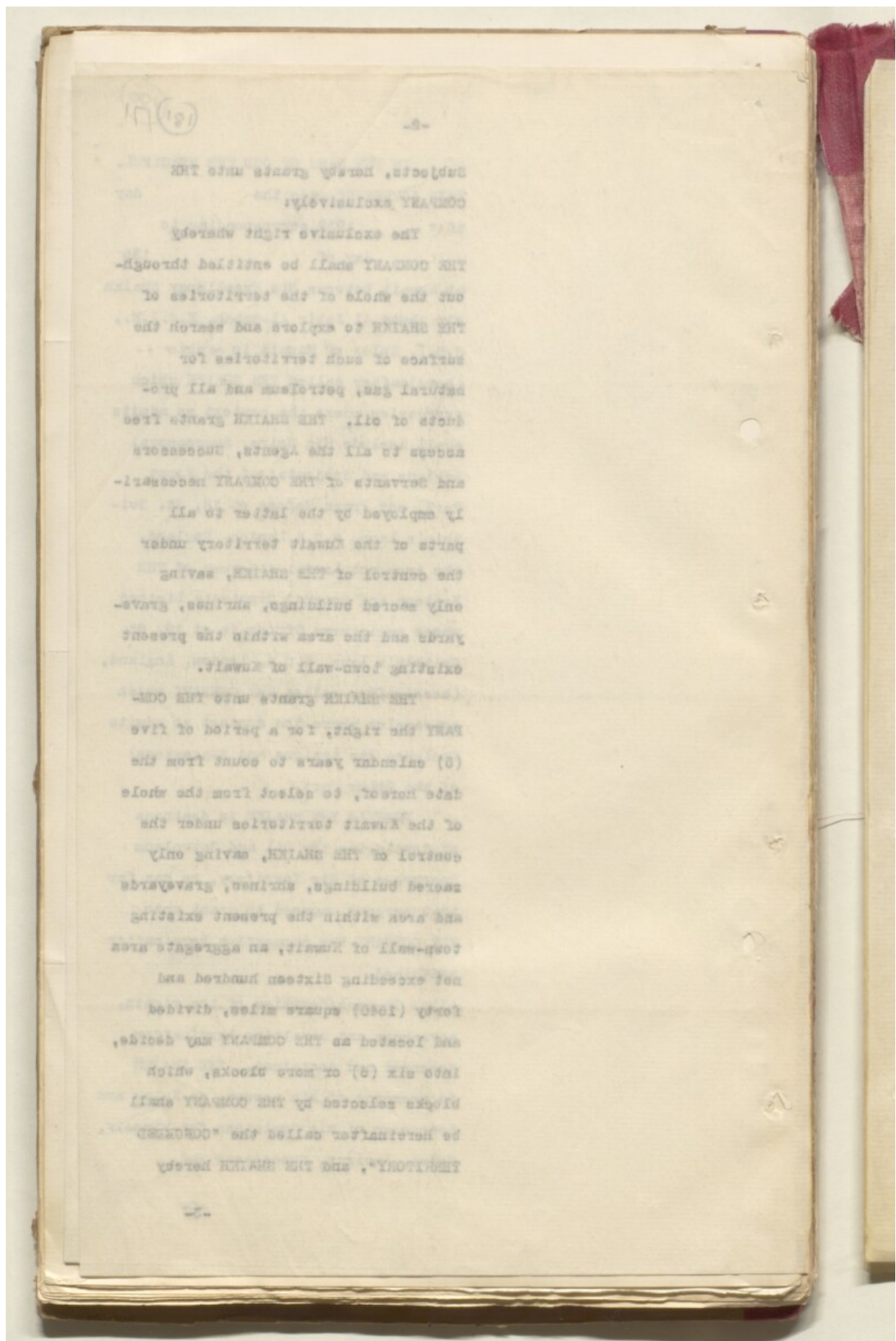
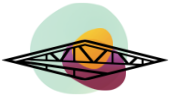
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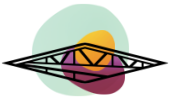
Subjects, hereby grants unto THE COMPANY exclusively:

The exclusive right whereby THE COMPANY shall be entitled throughout the whole of the territories of THE SHAIKH to explore and search the surface of such territories for natural gas, petroleum and all products of oil. THE SHAIKH grants free access to all the Agents, Successors and Servants of THE COMPANY necessarily employed by the latter to all parts of the Kuwait territory under the control of THE SHAIKH, saving only sacred buildings, shrines, graveyards and the area within the present existing town-wall of Kuwait.

THE SHAIKH grants unto THE COMPANY the right, for a period of five (5) calendar years to count from the date hereof, to select from the whole of the Kuwait territories under the control of THE SHAIKH, saving only sacred buildings, shrines, graveyards and area within the present existing town-wall of Kuwait, an aggregate area not exceeding Sixteen hundred and forty (1640) square miles, divided and located as THE COMPANY may decide, into six (6) or more blocks, which blocks selected by THE COMPANY shall be hereinafter called the "CONCEDED TERRITORY", and THE SHAIKH hereby

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-3-

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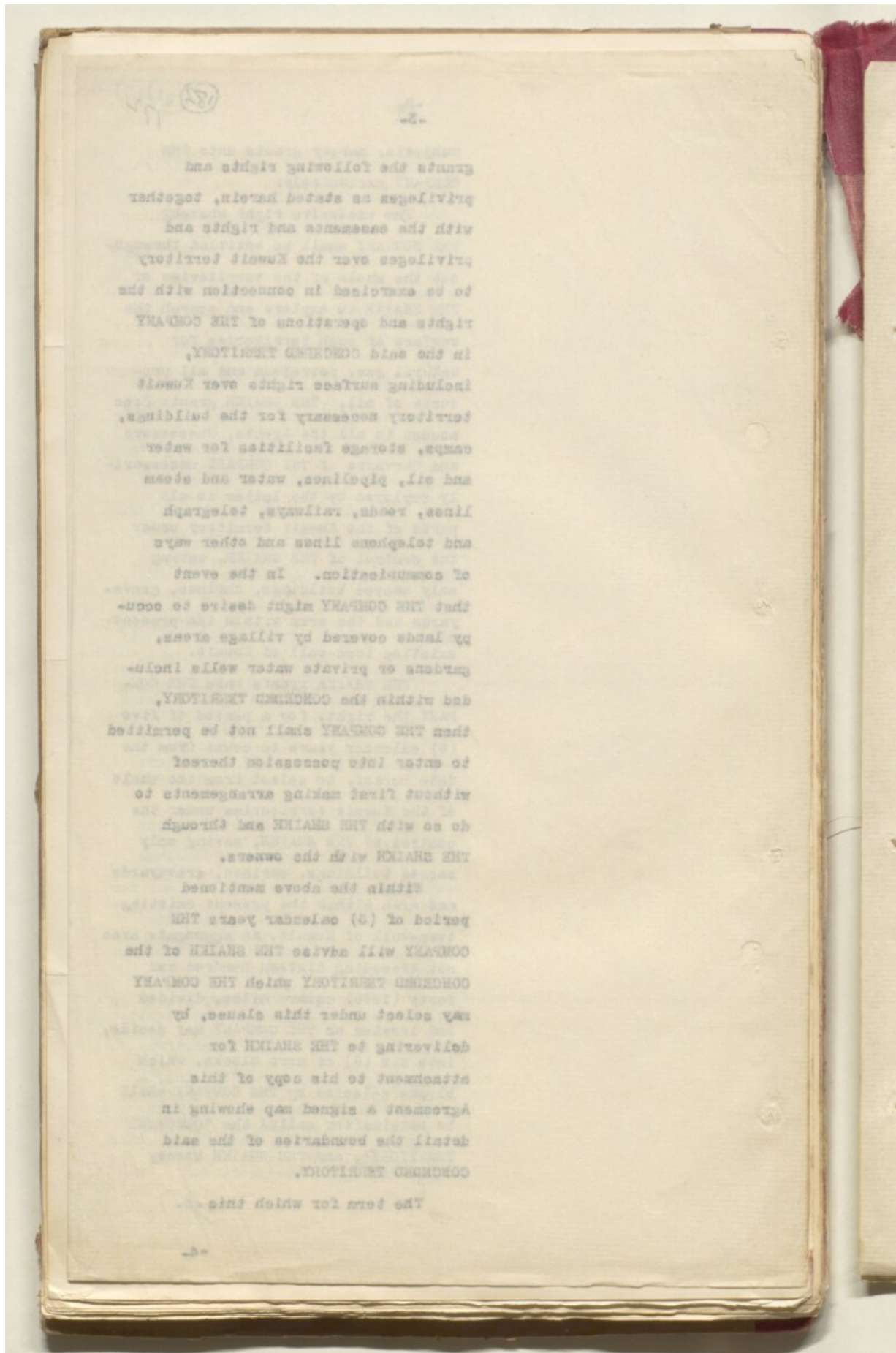
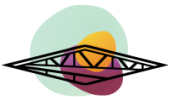
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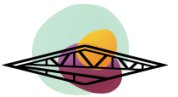
grants the following rights and privileges as stated herein, together with the easements and rights and privileges over the Kuwait territory to be exercised in connection with the rights and operations of THE COMPANY in the said CONCEDED TERRITORY, including surface rights over Kuwait territory necessary for the buildings, camps, storage facilities for water and oil, pipelines, water and steam lines, roads, railways, telegraph and telephone lines and other ways of communication. In the event that THE COMPANY might desire to occupy lands covered by village areas, gardens or private water wells included within the CONCEDED TERRITORY, then THE COMPANY shall not be permitted to enter into possession thereof without first making arrangements to do so with THE SHAIKH and through THE SHAIKH with the owners.

Within the above mentioned period of (5) calendar years THE COMPANY will advise THE SHAIKH of the CONCEDED TERRITORY which THE COMPANY may select under this clause, by delivering to THE SHAIKH for attachment to his copy of this Agreement a signed map showing in detail the boundaries of the said CONCEDED TERRITORY.

The term for which this

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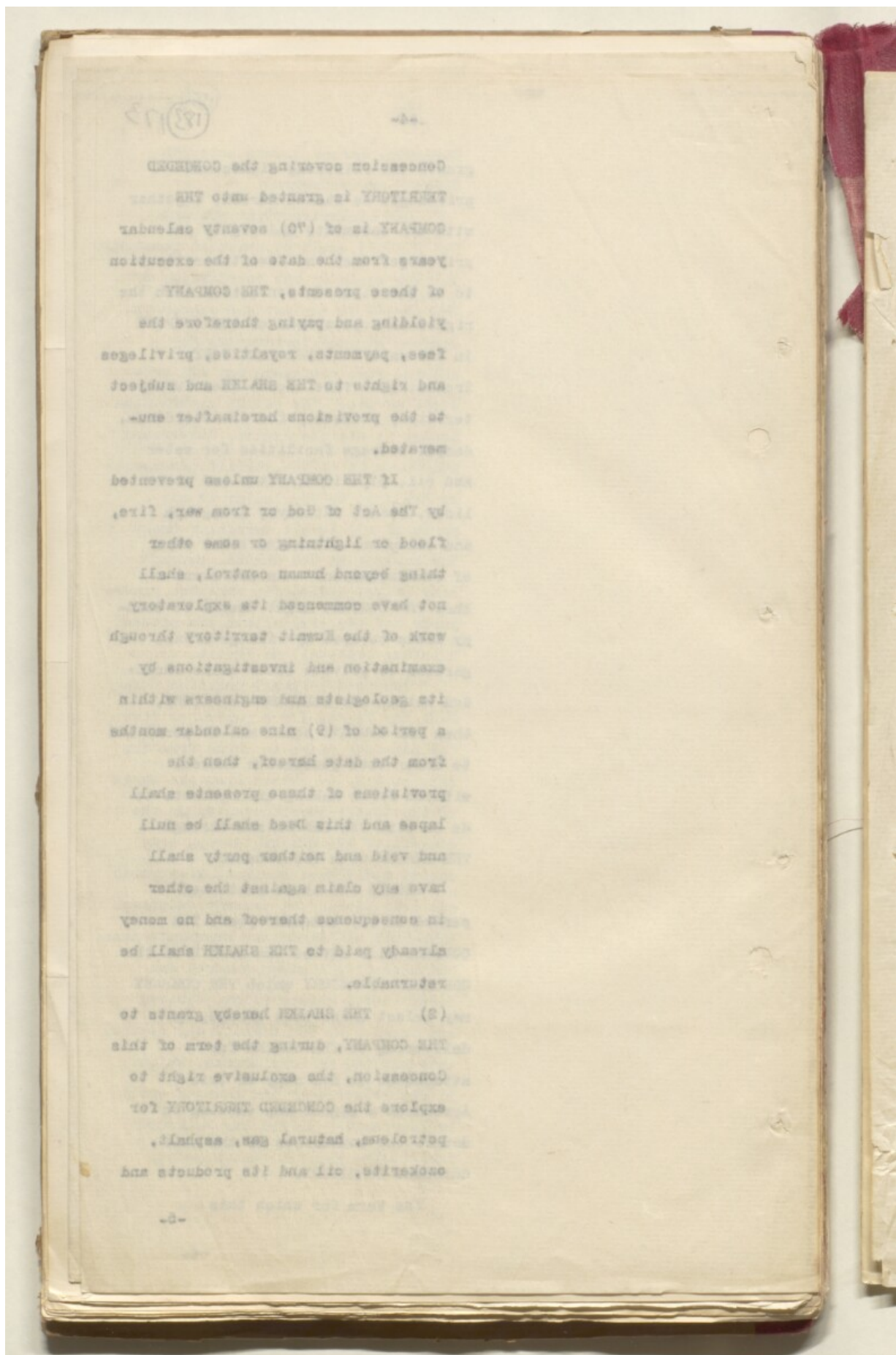
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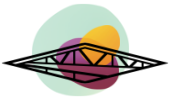
Concession covering the CONCEDED TERRITORY is granted unto THE COMPANY is of (70) seventy calendar years from the date of the execution of these presents, THE COMPANY yielding and paying therefore the fees, payments, royalties, privileges and rights to THE SHAIKH and subject to the provisions hereinafter enumerated.

If THE COMPANY unless prevented by The Act of God or from war, fire, flood or lightning or some other thing beyond human control, shall not have commenced its exploratory work of the Kuwait territory through examination and investigations by its geologists and engineers within a period of (9) nine calendar months from the date hereof, then the provisions of these presents shall lapse and this Deed shall be null and void and neither party shall have any claim against the other in consequence thereof and no money already paid to THE SHAIKH shall be returnable.

(2) THE SHAIKH hereby grants to THE COMPANY, during the term of this Concession, the exclusive right to explore the CONCEDED TERRITORY for petroleum, natural gas, asphalt, ozokerite, oil and its products and

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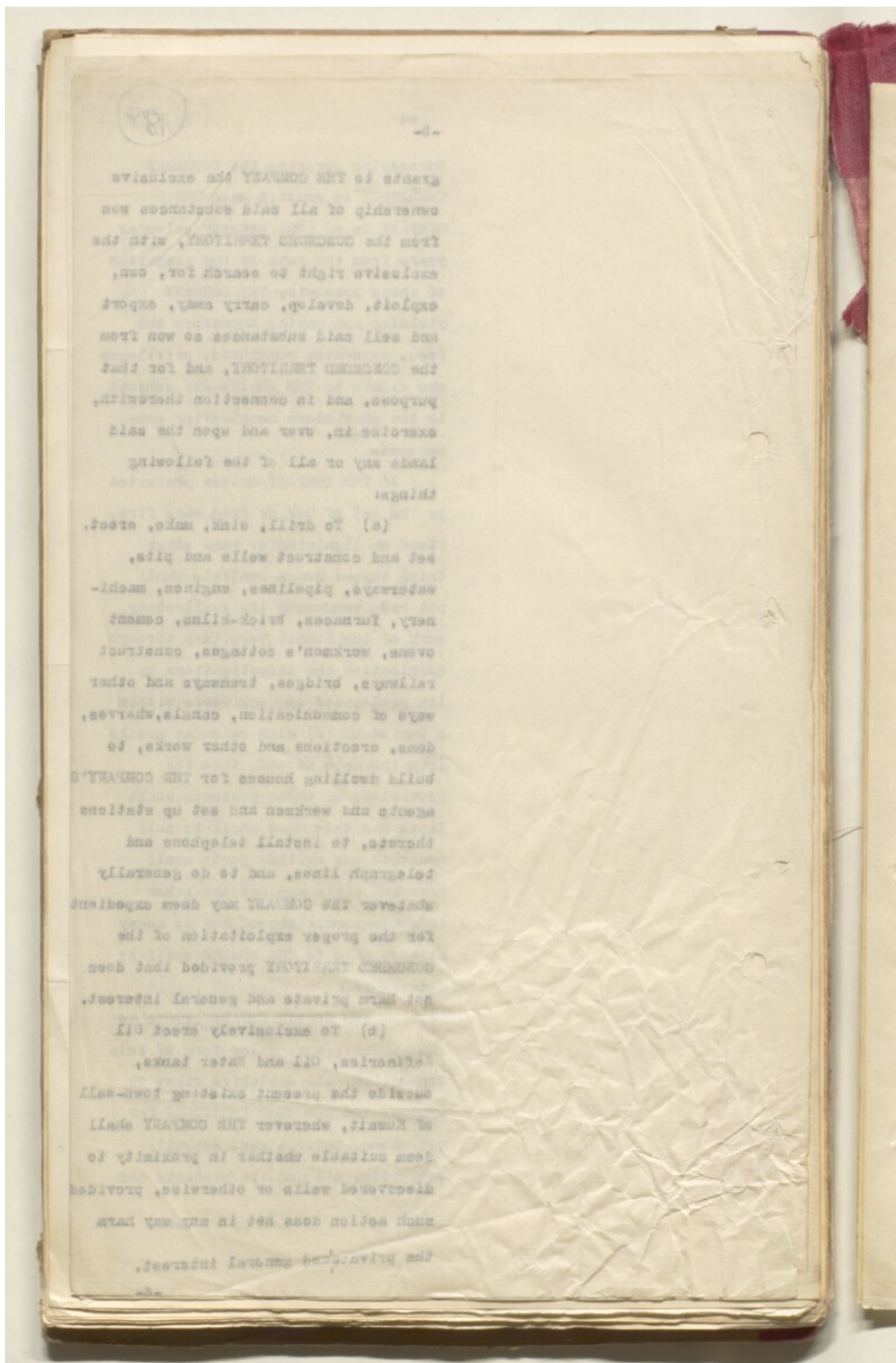
184

grants to THE COMPANY the exclusive ownership of all said substances won from the CONCEDED TERRITORY, with the exclusive right to search for, own, exploit, develop, carry away, export and sell said substances so won from the CONCEDED TERRITORY, and for that purpose, and in connection therewith, exercise in, over and upon the said lands any or all of the following things:

(a) To drill, sink, make, erect, set and construct wells and pits, waterways, pipelines, engines, machinery, furnaces, brick-kilns, cement ovens, workmen's cottages, construct railways, bridges, tramways and other ways of communication, canals, wharves, dams, erections and other works, to build dwelling houses for THE COMPANY'S agents and workmen and set up stations thereto, to install telephone and telegraph lines, and to do generally whatever THE COMPANY may deem expedient for the proper exploitation of the CONCEDED TERRITORY provided that does not harm private and general interest.

(b) To exclusively erect Oil Refineries, Oil and Water tanks, outside the present existing town-wall of Kuwait, wherever THE COMPANY shall deem suitable whether in proximity to discovered wells or otherwise, provided such action does not in any way harm the private and general interest.

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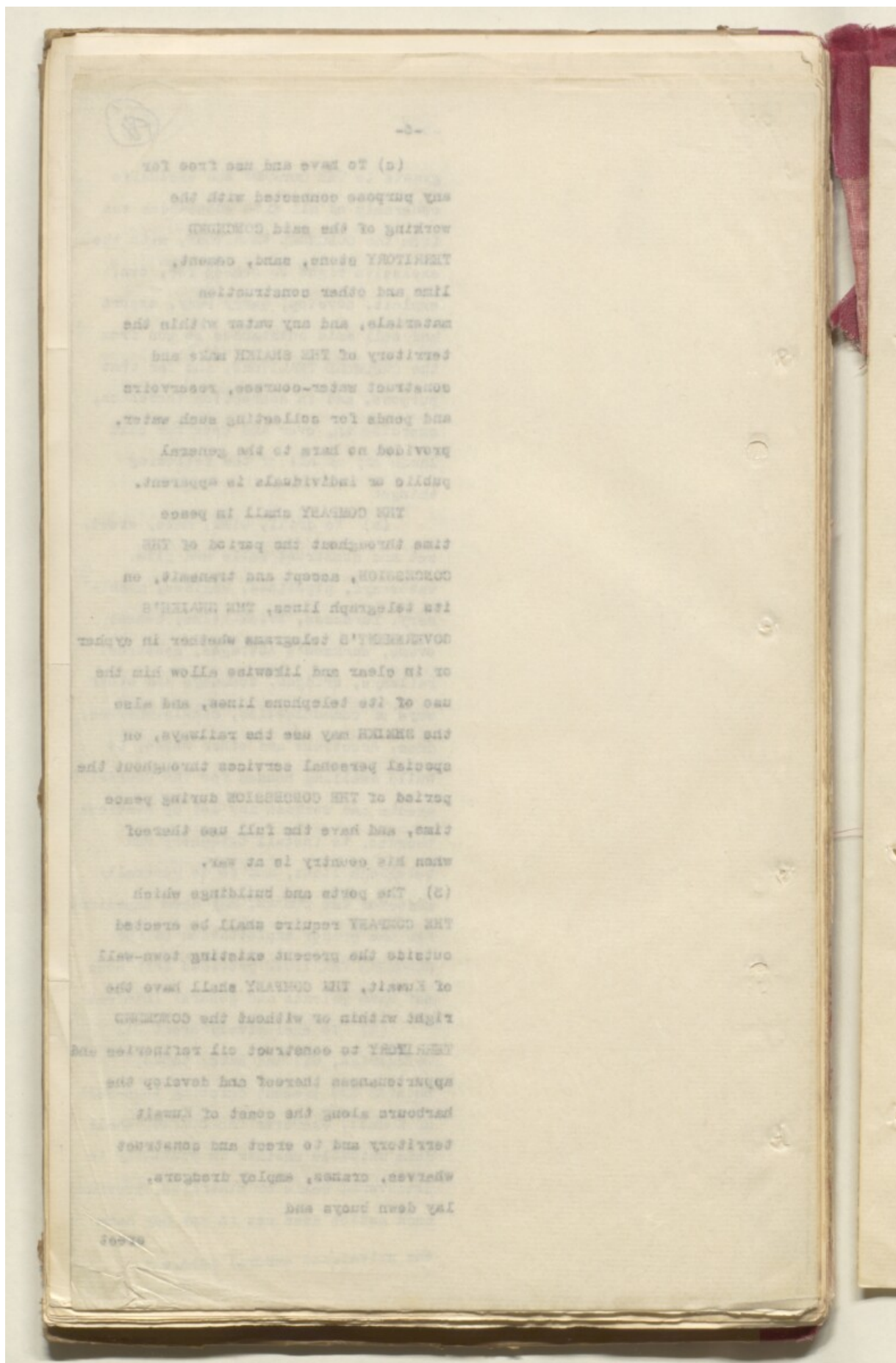
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(c) To have and use free for any purpose connected with the working of the said CONCEDED TERRITORY stone, sand, cement, lime and other construction materials, and any water within the territory of THE SHAIKH make and construct water-courses, reservoirs and ponds for collecting such water, provided no harm to the general public or individuals is apparent.

THE COMPANY shall in peace time throughout the period of THE CONCESSION, accept and transmit, on its telegraph lines, THE SHAIKH'S GOVERNMENT'S telegrams whether in cypher or in clear and likewise allow him the use of its telephone lines, and also the SHEIKH may use the railways, on special personal services throughout the period of THE CONCESSION during peace time, and have the full use thereof when his country is at war.

(3) The ports and buildings which THE COMPANY require shall be erected outside the present existing town-wall of Kuwait, THE COMPANY shall have the right within or without the CONCEDED TERRITORY to construct oil refineries and appurtenances thereof and develop the harbours along the coast of Kuwait territory and to erect and construct wharves, cranes, employ dredgers, lay down buoys and

erect





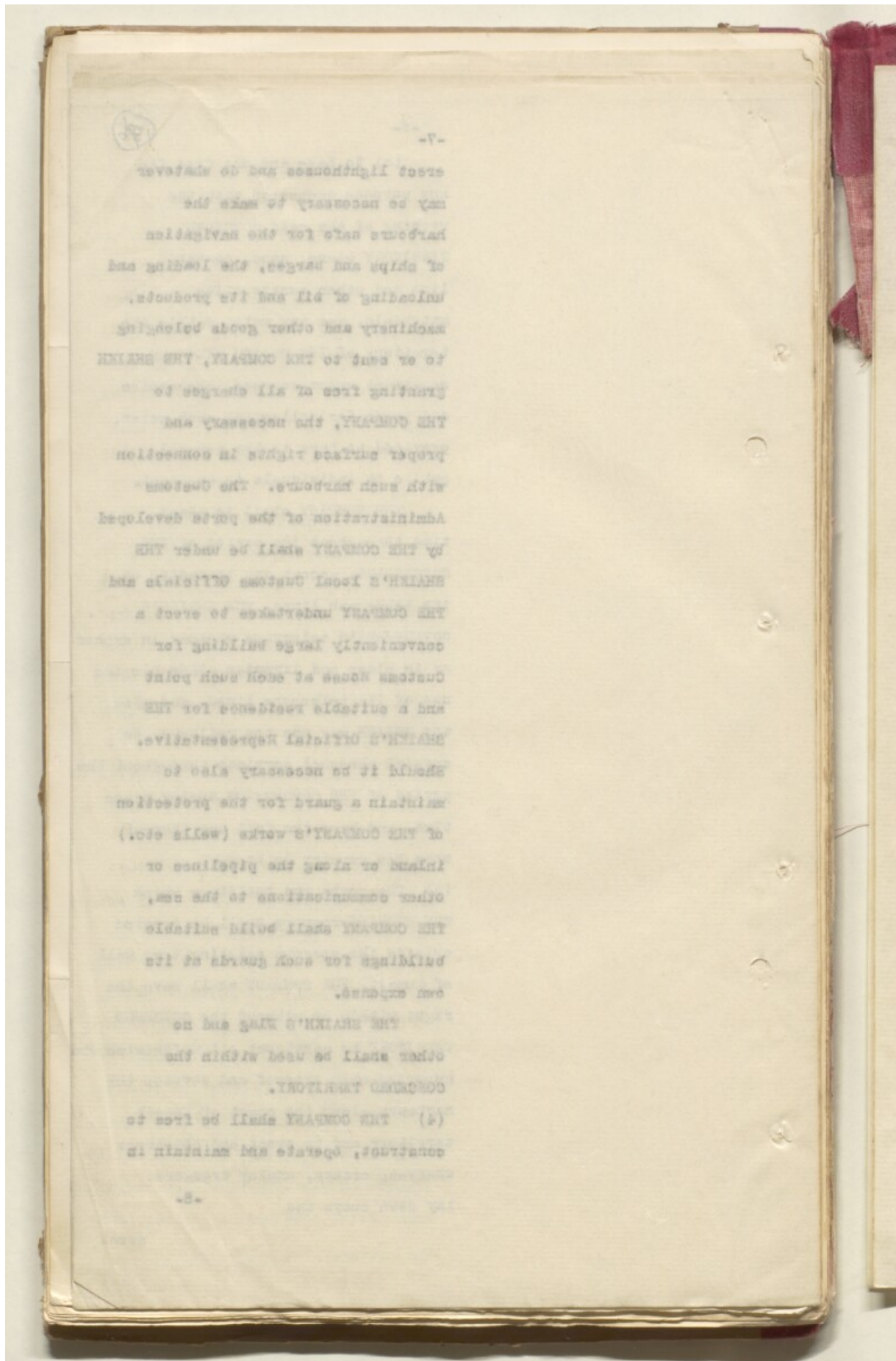
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erect lighthouses and do whatever may be necessary to make the harbours safe for the navigation of ships and barges, the loading and unloading of oil and its products, machinery and other goods belonging to or sent to THE COMPANY, THE SHAIKH granting free of all charges to THE COMPANY, the necessary and proper surface rights in connection with such harbours. The Customs Administration of the ports developed by THE COMPANY shall be under THE SHAIKH'S local Customs Officials and THE COMPANY undertakes to erect a conveniently large building for Customs House at each such point and a suitable residence for THE SHAIKH'S Official Representative. Should it be necessary also to maintain a guard for the protection of THE COMPANY'S works (wells etc.) inland or along the pipelines or other communications to the sea, THE COMPANY shall build suitable buildings for such guards at its own expense.

THE SHAIKH'S Flag and no other shall be used within the CONCEDED TERRITORY.

(4) THE COMPANY shall be free to construct, operate and maintain in

-8-





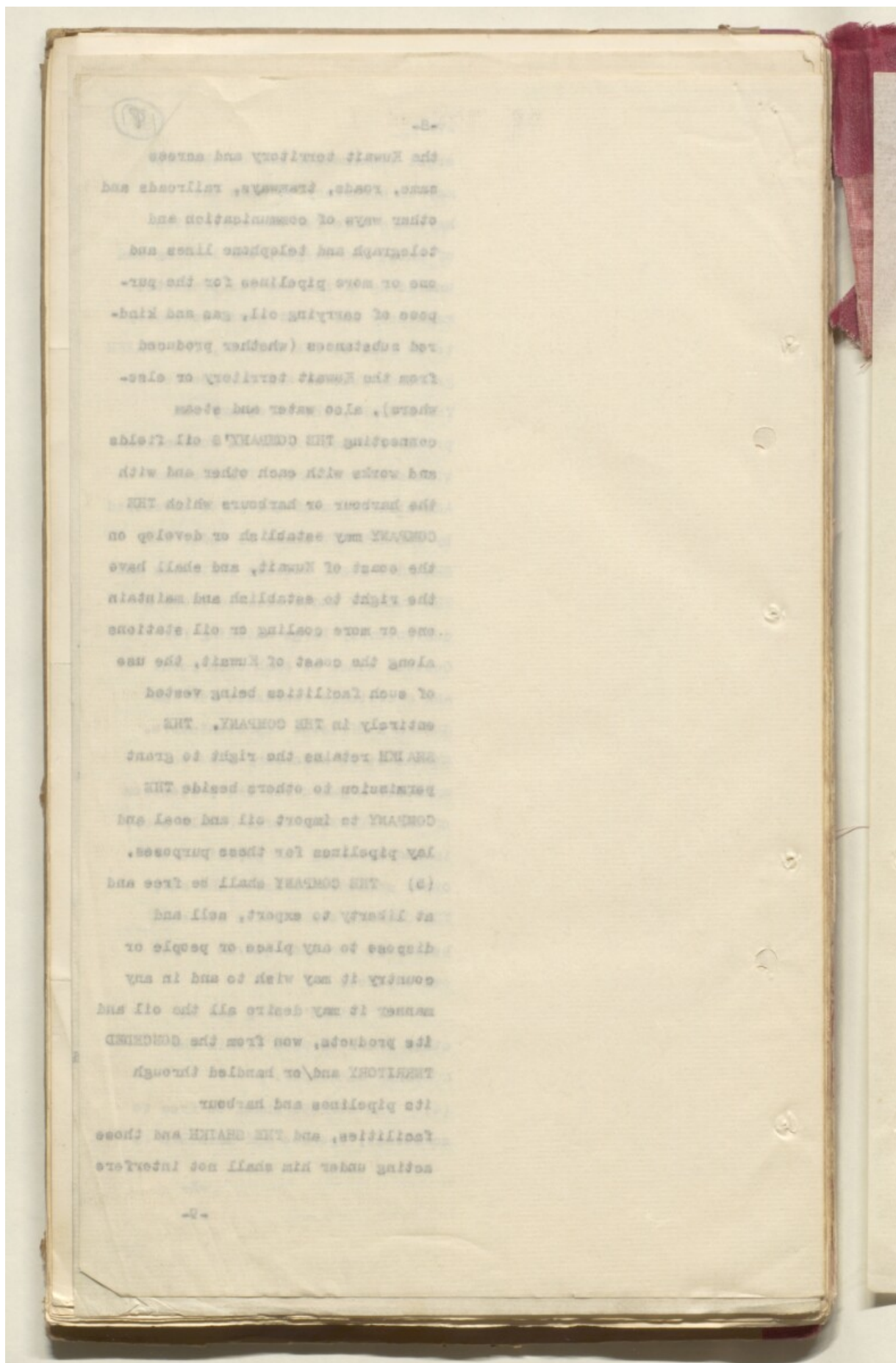
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(18)

the Kuwait territory and across same, roads, tramways, railroads and other ways of communication and telegraph and telephone lines and one or more pipelines for the purpose of carrying oil, gas and kindred substances (whether produced from the Kuwait territory or elsewhere), also water and steam connecting THE COMPANY'S oil fields and works with each other and with the harbour or harbours which THE COMPANY may establish or develop on the coast of Kuwait, and shall have the right to establish and maintain one or more coaling or oil stations along the coast of Kuwait, the use of such facilities being vested entirely in THE COMPANY. THE SHAikh retains the right to grant permission to others beside THE COMPANY to import oil and coal and lay pipelines for these purposes.

(5) THE COMPANY shall be free and at liberty to export, sell and dispose to any place or people or country it may wish to and in any manner it may desire all the oil and its products, won from the CONCEDED TERRITORY and/or handled through its pipelines and harbour facilities, and THE SHAikh and those acting under him shall not interfere

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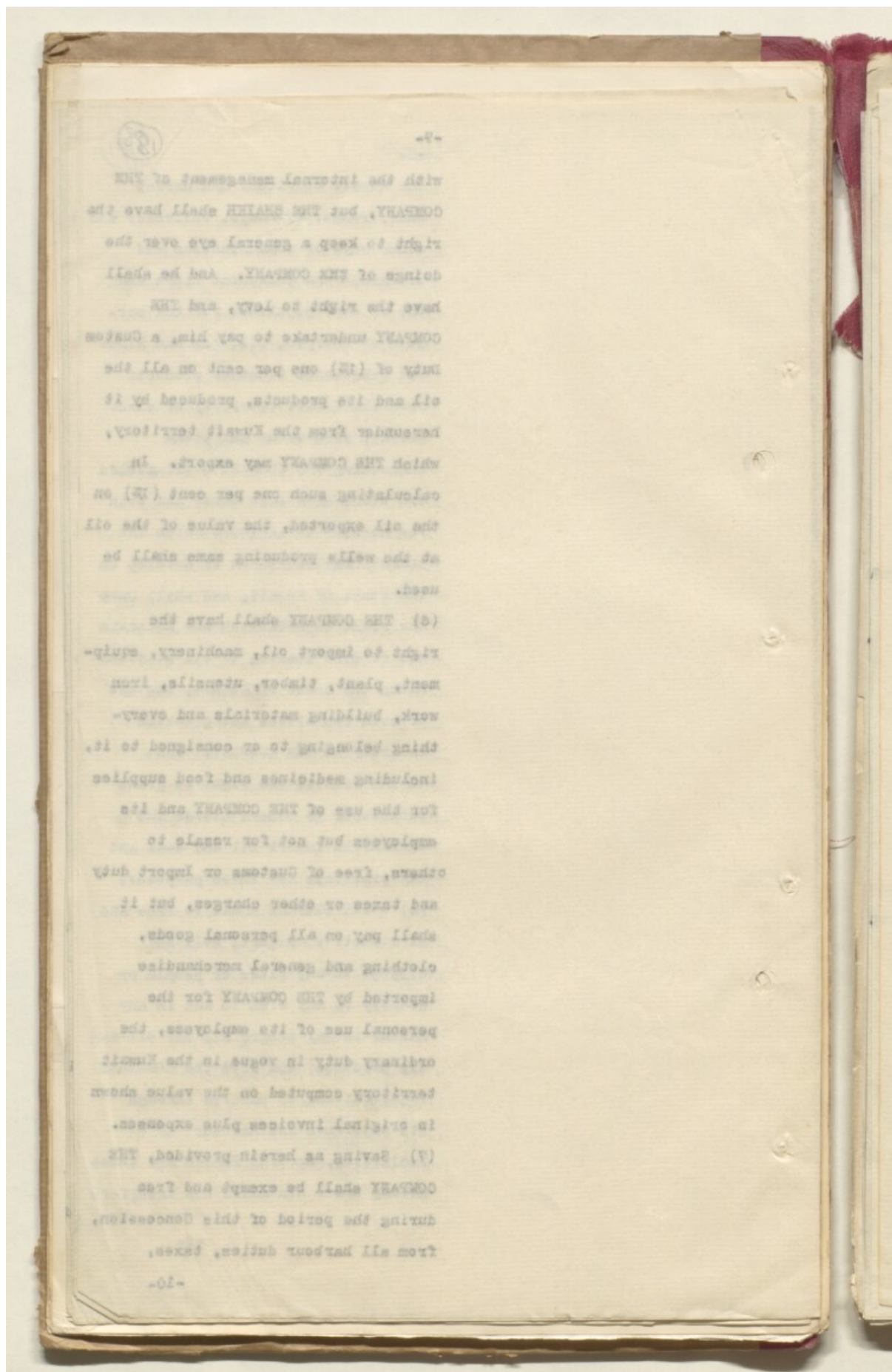
(186)

with the internal management of THE COMPANY, but THE SHAIKH shall have the right to keep a general eye over the doings of THE COMPANY. And he shall have the right to levy, and THE COMPANY undertake to pay him, a Custom Duty of (1%) one per cent on all the oil and its products, produced by it hereunder from the Kuwait territory, which THE COMPANY may export. In calculating such one per cent (1%) on the oil exported, the value of the oil at the wells producing same shall be used.

(6) THE COMPANY shall have the right to import oil, machinery, equipment, plant, timber, utensils, iron work, building materials and everything belonging to or consigned to it, including medicines and food supplies for the use of THE COMPANY and its employees but not for resale to others, free of Customs or Import duty and taxes or other charges, but it shall pay on all personal goods, clothing and general merchandise imported by THE COMPANY for the personal use of its employees, the ordinary duty in vogue in the Kuwait territory computed on the value shown in original invoices plus expenses.

(7) Saving as herein provided, THE COMPANY shall be exempt and free during the period of this Concession, from all harbour duties, taxes,

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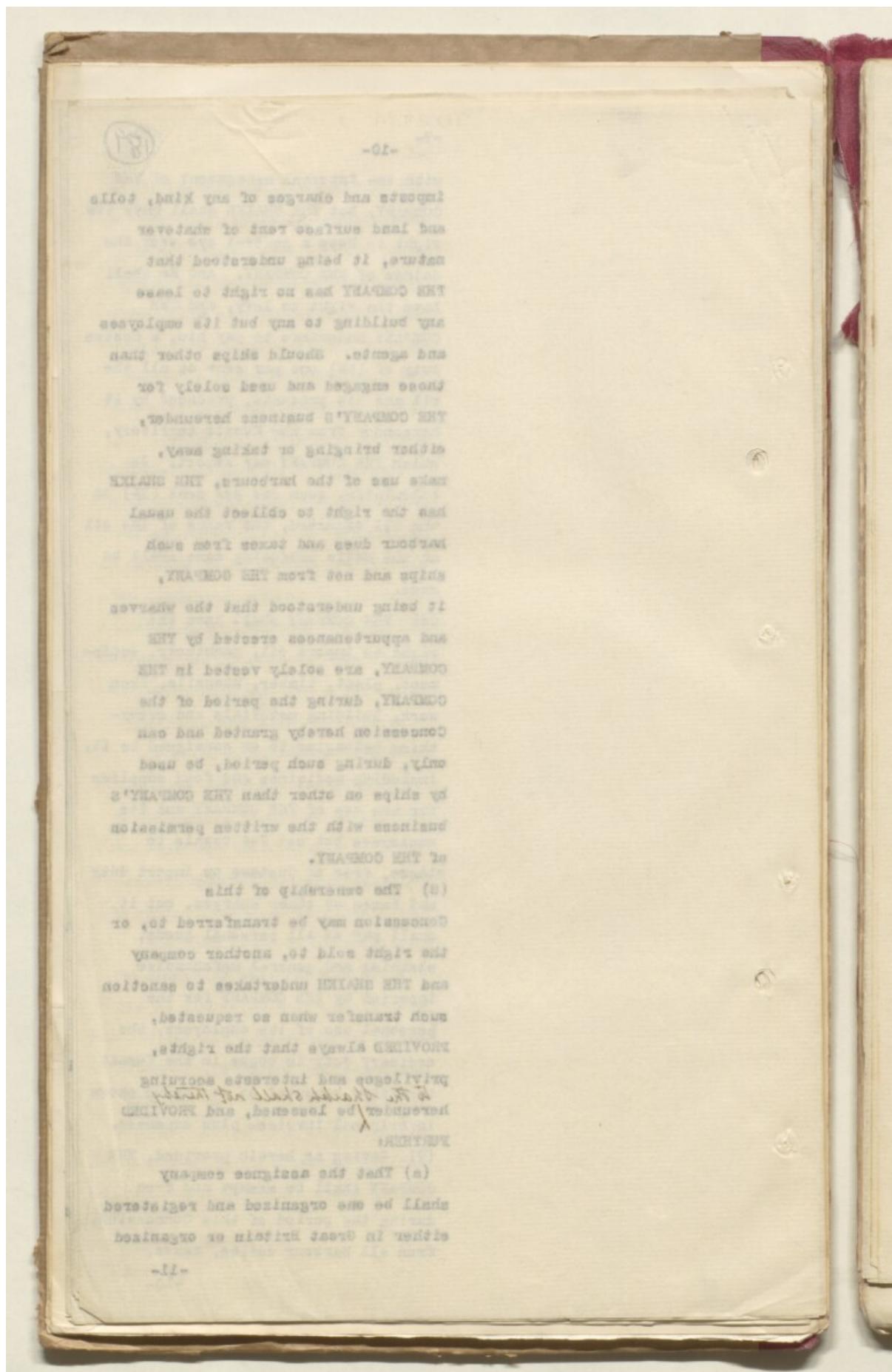
(189)

imposts and charges of any kind, tolls and land surface rent of whatever nature, it being understood that THE COMPANY has no right to lease any building to any but its employees and agents. Should ships other than those engaged and used solely for THE COMPANY'S business hereunder, either bringing or taking away, make use of the harbours, THE SHAIKH has the right to collect the usual harbour dues and taxes from such ships and not from THE COMPANY, it being understood that the wharves and appurtenances erected by THE COMPANY, are solely vested in THE COMPANY, during the period of the Concession hereby granted and can only, during such period, be used by ships on other than THE COMPANY'S business with the written permission of THE COMPANY.

(8) The ownership of this Concession may be transferred to, or the right sold to, another company and THE SHAIKH undertakes to sanction such transfer when so requested, PROVIDED always that the rights, privileges and interests accruing *to the Shaikh shall not thereby* hereunder be lessened, and PROVIDED FURTHER:

(a) That the assignee company shall be one organized and registered either in Great Britain or organized

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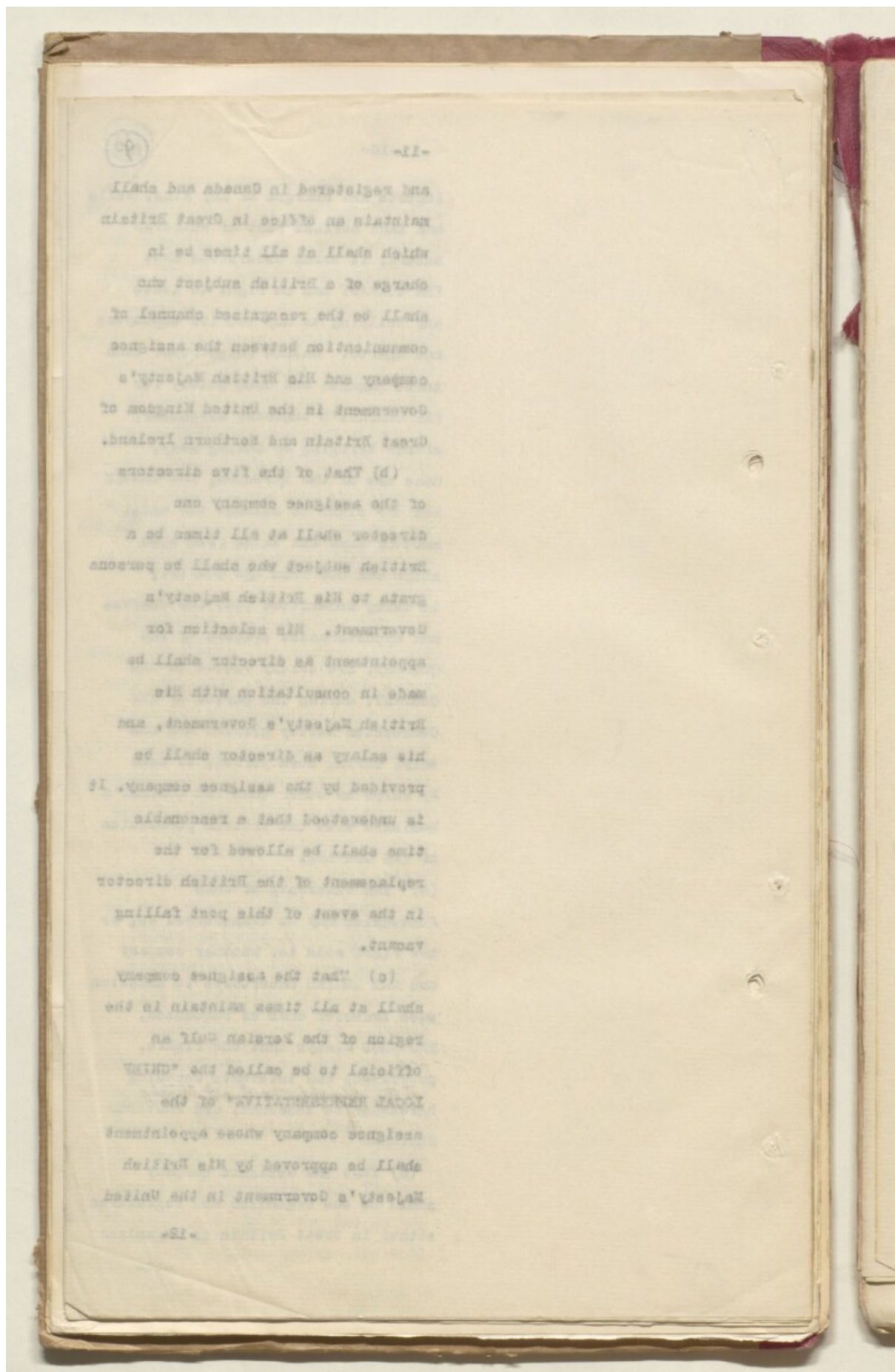
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and registered in Canada and shall maintain an office in Great Britain which shall at all times be in charge of a British subject who shall be the recognised channel of communication between the assignee company and His British Majesty's Government in the United Kingdom of Great Britain and Northern Ireland.

(b) That of the five directors of the assignee company one director shall at all times be a British subject who shall be persona grata to His British Majesty's Government. His selection for appointment as director shall be made in consultation with His British Majesty's Government, and his salary as director shall be provided by the assignee company. It is understood that a reasonable time shall be allowed for the replacement of the British director in the event of this post falling vacant.

(c) That the assignee company shall at all times maintain in the region of the Persian Gulf an official to be called the "CHIEF LOCAL REPRESENTATIVE" of the assignee company whose appointment shall be approved by His British Majesty's Government in the United

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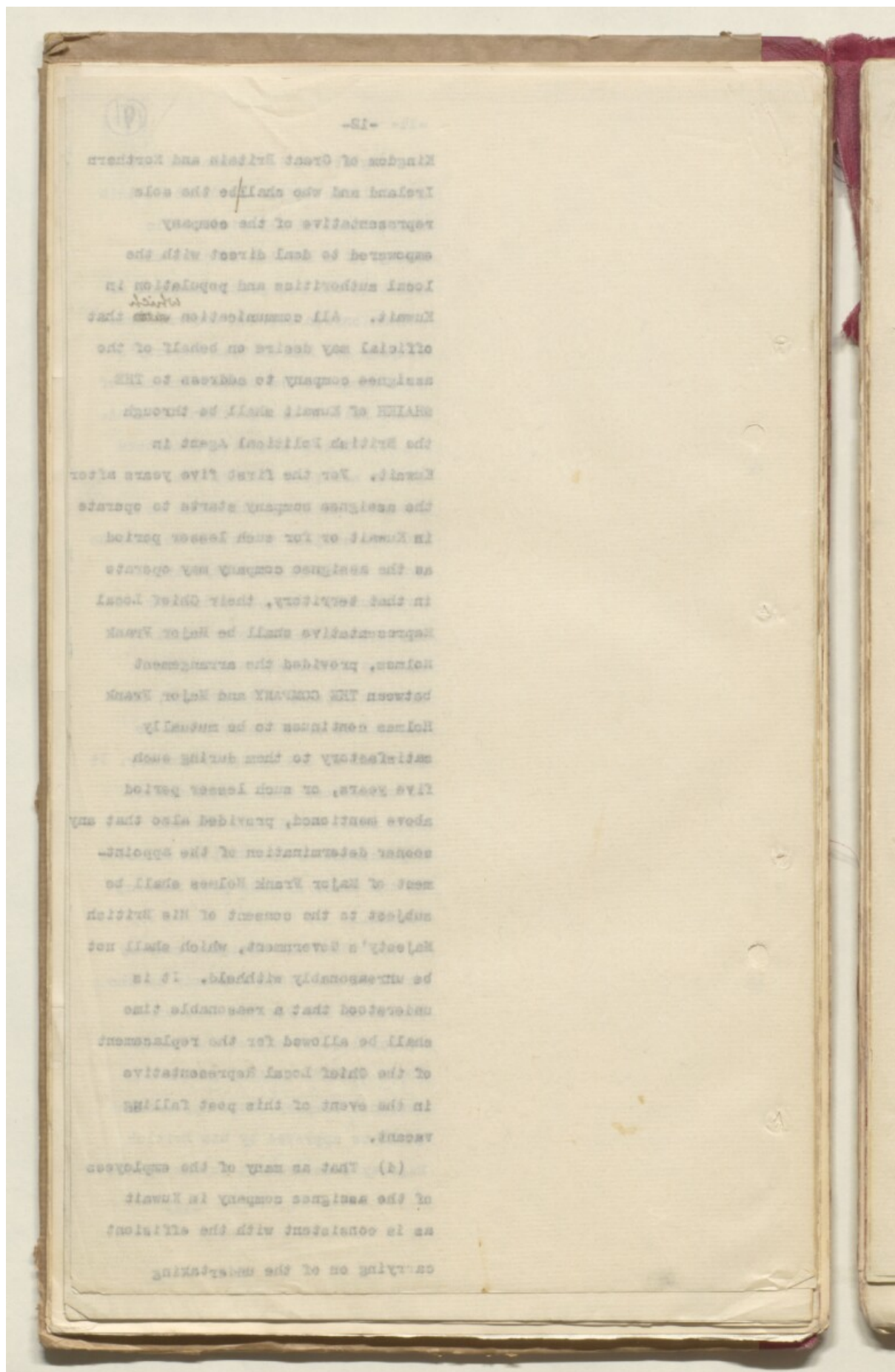




-12-

Kingdom of Great Britain and Northern Ireland and who shall be the sole representative of the company empowered to deal direct with the local authorities and population in Kuwait. All communication ^{which} ~~with~~ that official may desire on behalf of the assignee company to address to THE SHAIKH of Kuwait shall be through the British Political Agent in Kuwait. For the first five years after the assignee company starts to operate in Kuwait or for such lesser period as the assignee company may operate in that territory, their Chief Local Representative shall be Major Frank Holmes, provided the arrangement between THE COMPANY and Major Frank Holmes continues to be mutually satisfactory to them during such five years, or such lesser period above mentioned, provided also that any sooner determination of the appointment of Major Frank Holmes shall be subject to the consent of His British Majesty's Government, which shall not be unreasonably withheld. It is understood that a reasonable time shall be allowed for the replacement of the Chief Local Representative in the event of this post falling vacant.

(d) That as many of the employees of the assignee company in Kuwait as is consistent with the efficient carrying on of the undertaking





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shall at all times be British subjects or subjects of the Shaikh of Kuwait.

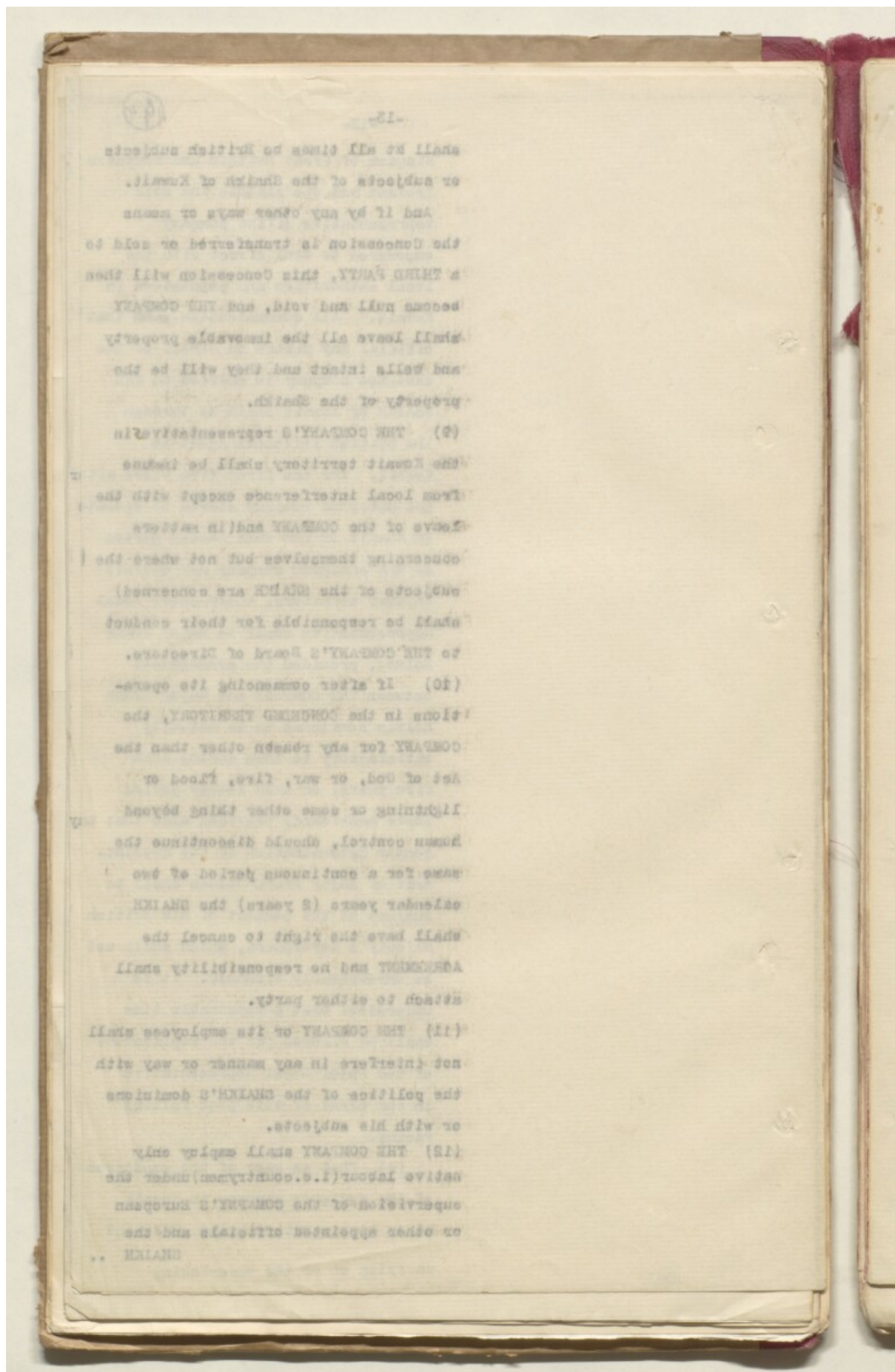
And if by any other ways or means the Concession is transferred or sold to a THIRD PARTY, this Concession will then become null and void, and THE COMPANY shall leave all the immovable property and wells intact and they will be the property of the Shaikh.

(9) THE COMPANY'S representative in the Kuwait territory shall be immune from local interference except with the leave of the COMPANY and (in matters concerning themselves but not where the subjects of the SHAIKH are concerned) shall be responsible for their conduct to THE COMPANY'S Board of Directors.

(10) If after commencing its operations in the CONCEDED TERRITORY, the COMPANY for any reason other than the Act of God, or war, fire, flood or lightning or some other thing beyond human control, should discontinue the same for a continuous period of two calendar years (2 years) the SHAIKH shall have the right to cancel the AGREEMENT and no responsibility shall attach to either party.

(11) THE COMPANY or its employees shall not interfere in any manner or way with the politics of the SHAIKH'S dominions or with his subjects.

(12) THE COMPANY shall employ only native labour (i.e. countrymen) under the supervision of the COMPANY'S European or other appointed officials and the
SHAIKH ..





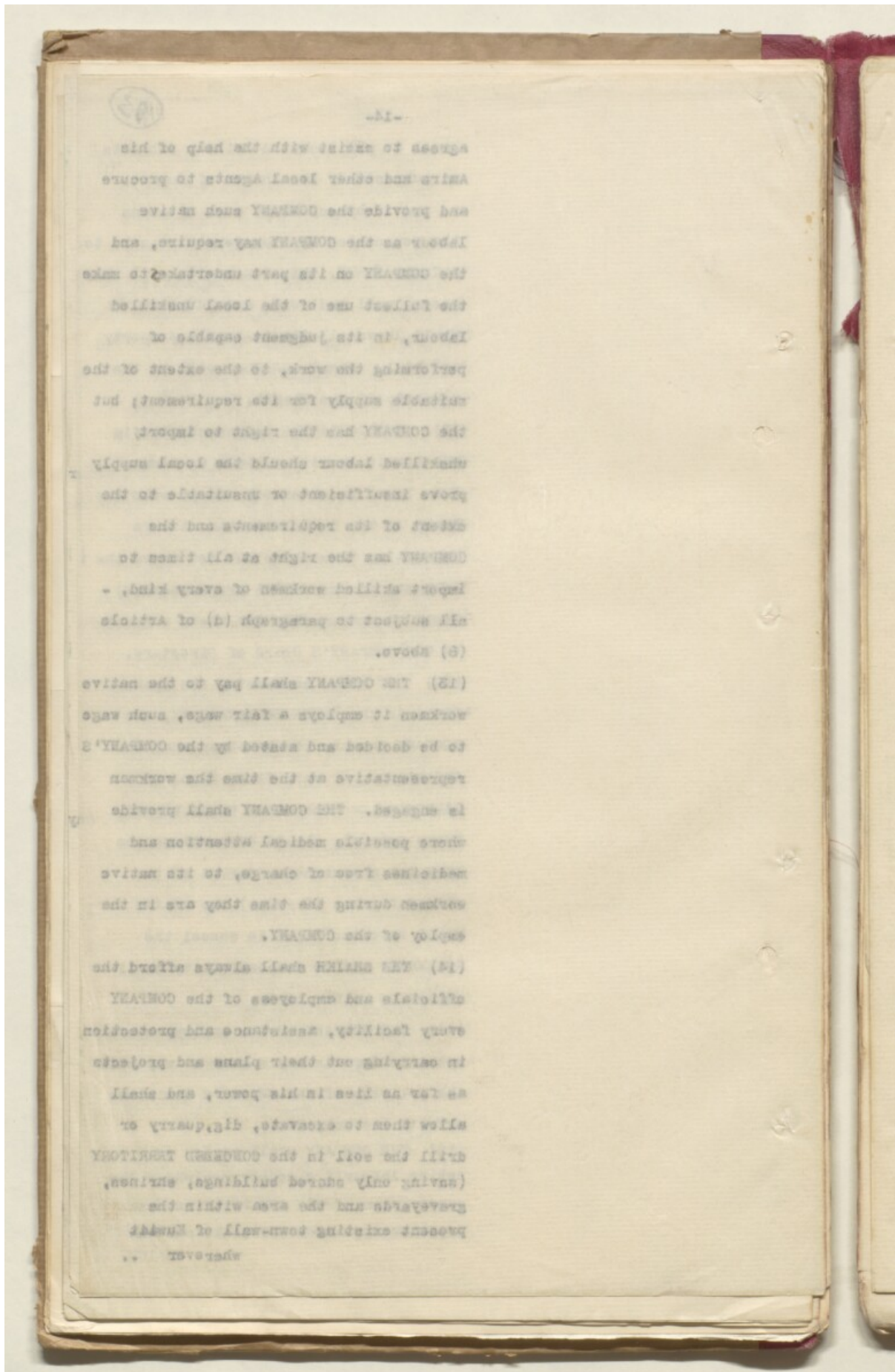
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agrees to assist with the help of his Amirs and other local Agents to procure and provide the COMPANY such native labour as the COMPANY may require, and the COMPANY on its part undertakes to make the fullest use of the local unskilled labour, in its judgment capable of performing the work, to the extent of the suitable supply for its requirement; but the COMPANY has the right to import unskilled labour should the local supply prove insufficient or unsuitable to the extent of its requirements and the COMPANY has the right at all times to import skilled workmen of every kind, - all subject to paragraph (d) of Article (8) above.

(13) THE COMPANY shall pay to the native workmen it employs a fair wage, such wage to be decided and stated by the COMPANY'S representative at the time the workman is engaged. THE COMPANY shall provide where possible medical attention and medicines free of charge, to its native workmen during the time they are in the employ of the COMPANY.

(14) THE SHAIKH shall always afford the officials and employees of the COMPANY every facility, assistance and protection in carrying out their plans and projects as far as lies in his power, and shall allow them to excavate, dig, quarry or drill the soil in the CONCEDED TERRITORY (saving only sacred buildings, shrines, graveyards and the area within the present existing town-wall of Kuwait wherever ..





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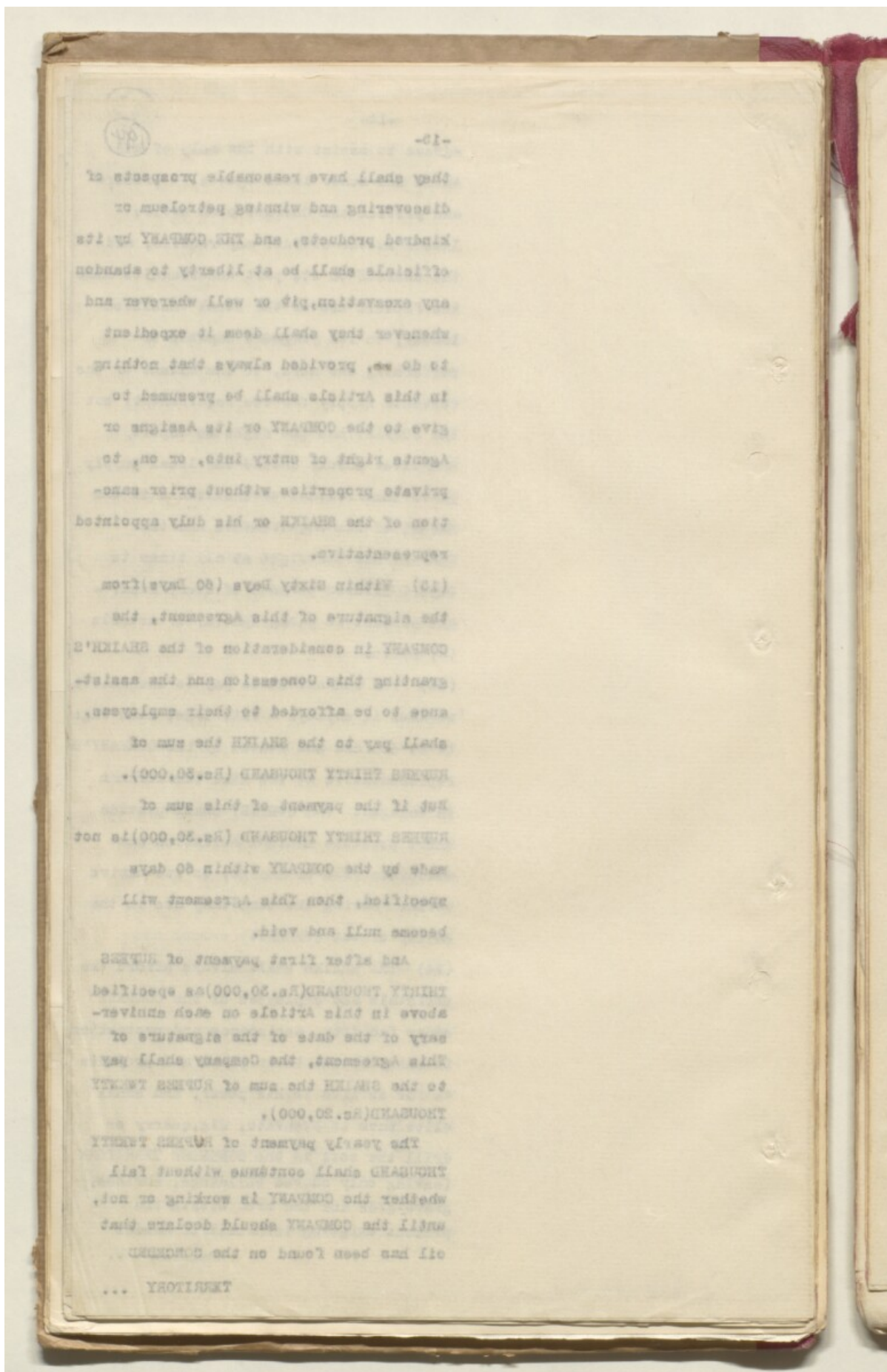
they shall have reasonable prospects of discovering and winning petroleum or kindred products, and THE COMPANY by its officials shall be at liberty to abandon any excavation, pit or well wherever and whenever they shall deem it expedient to do so, provided always that nothing in this Article shall be presumed to give to the COMPANY or its Assigns or Agents right of entry into, or on, to private properties without prior sanction of the SHAIKH or his duly appointed representative.

(15) Within Sixty Days (60 Days) from the signature of this Agreement, the COMPANY in consideration of the SHAIKH'S granting this Concession and the assistance to be afforded to their employees, shall pay to the SHAIKH the sum of RUPEES THIRTY THOUSAND (Rs.30,000). But if the payment of this sum of RUPEES THIRTY THOUSAND (Rs.30,000) is not made by the COMPANY within 60 days specified, then This Agreement will become null and void.

And after first payment of RUPEES THIRTY THOUSAND (Rs.30,000) as specified above in this Article on each anniversary of the date of the signature of This Agreement, the Company shall pay to the SHAIKH the sum of RUPEES TWENTY THOUSAND (Rs.20,000).

The yearly payment of RUPEES TWENTY THOUSAND shall continue without fail whether the COMPANY is working or not, until the COMPANY should declare that oil has been found on the CONCEDED

TERRITORY ...





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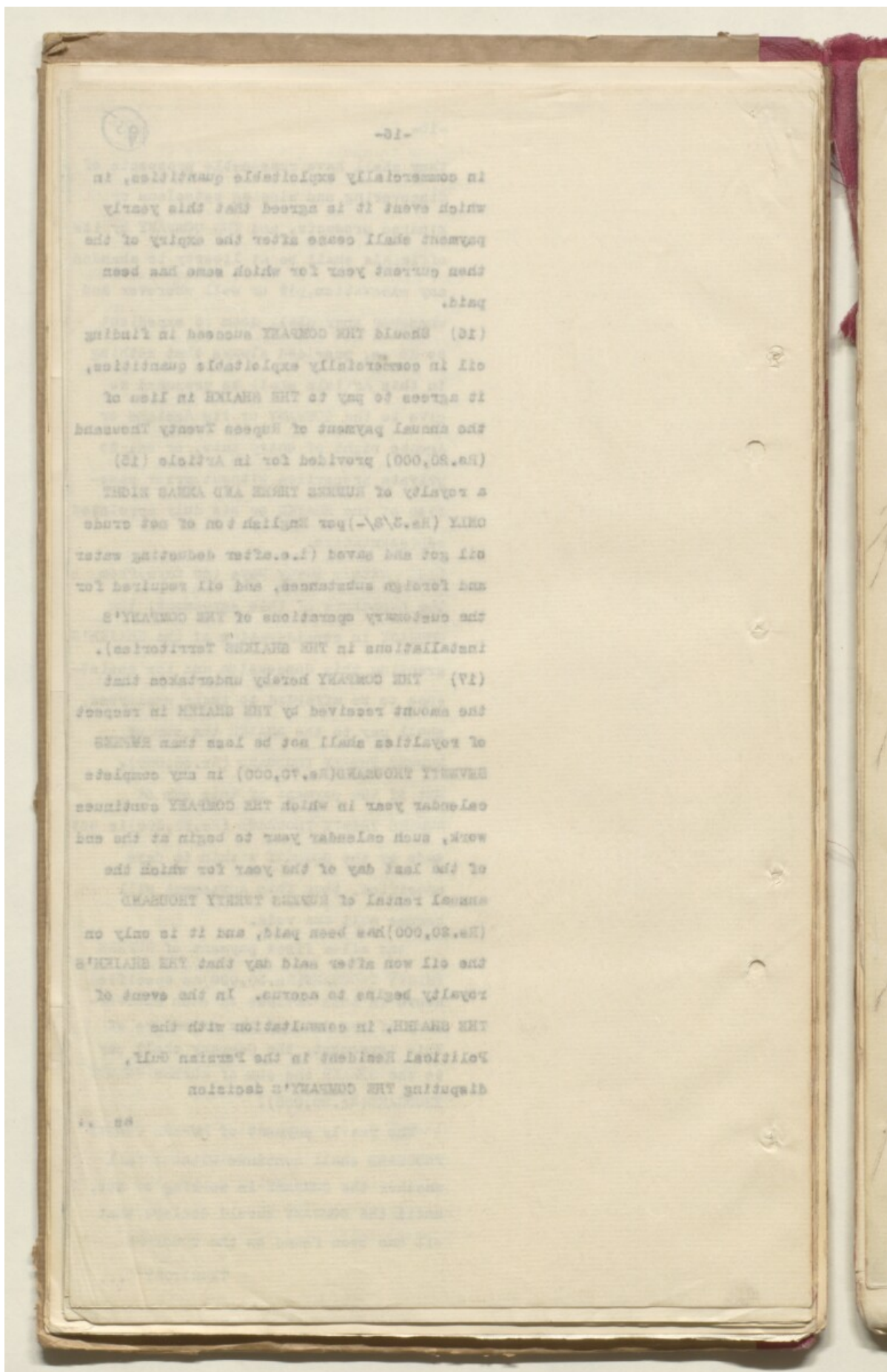
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in commercially exploitable quantities, in which event it is agreed that this yearly payment shall cease after the expiry of the then current year for which same has been paid.

(16) Should THE COMPANY succeed in finding oil in commercially exploitable quantities, it agrees to pay to THE SHAIKH in lieu of the annual payment of Rupees Twenty Thousand (Rs.20,000) provided for in Article (15) a royalty of ~~RUPES THREE AND ANNAS EIGHT~~ ONLY (Rs.3/8/-) per English ton of net crude oil got and saved (i.e. after deducting water and foreign substances, and oil required for the customary operations of THE COMPANY'S installations in THE SHAIKHS Territories).

(17) THE COMPANY hereby undertakes that the amount received by THE SHAIKH in respect of royalties shall not be less than ~~RUPES SEVENTY THOUSAND~~ (Rs.70,000) in any complete calendar year in which THE COMPANY continues work, such calendar year to begin at the end of the last day of the year for which the annual rental of ~~RUPES TWENTY THOUSAND~~ (Rs.20,000) has been paid, and it is only on the oil won after said day that THE SHAIKH'S royalty begins to accrue. In the event of THE SHAIKH, in consultation with the Political Resident in the Persian Gulf, disputing THE COMPANY'S decision

as ..





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(9)

as to the commercial exploitation,
THE COMPANY hereby undertakes its
readiness to submit the matter to arbit-
ration as provided in Article (21)
below.

(18) In the event of THE COMPANY
failing within SIX CALENDAR MONTHS
(6 months) following the end of any
calendar year to pay to THE SHAIKH
the royalties due in respect of that
calendar year or failing, save for
causes beyond its control, to carry out
its obligations under this Agreement,
THE SHAIKH shall have power to terminate
the Concession, in which case the
provisions of Article (19), (b), shall
apply.

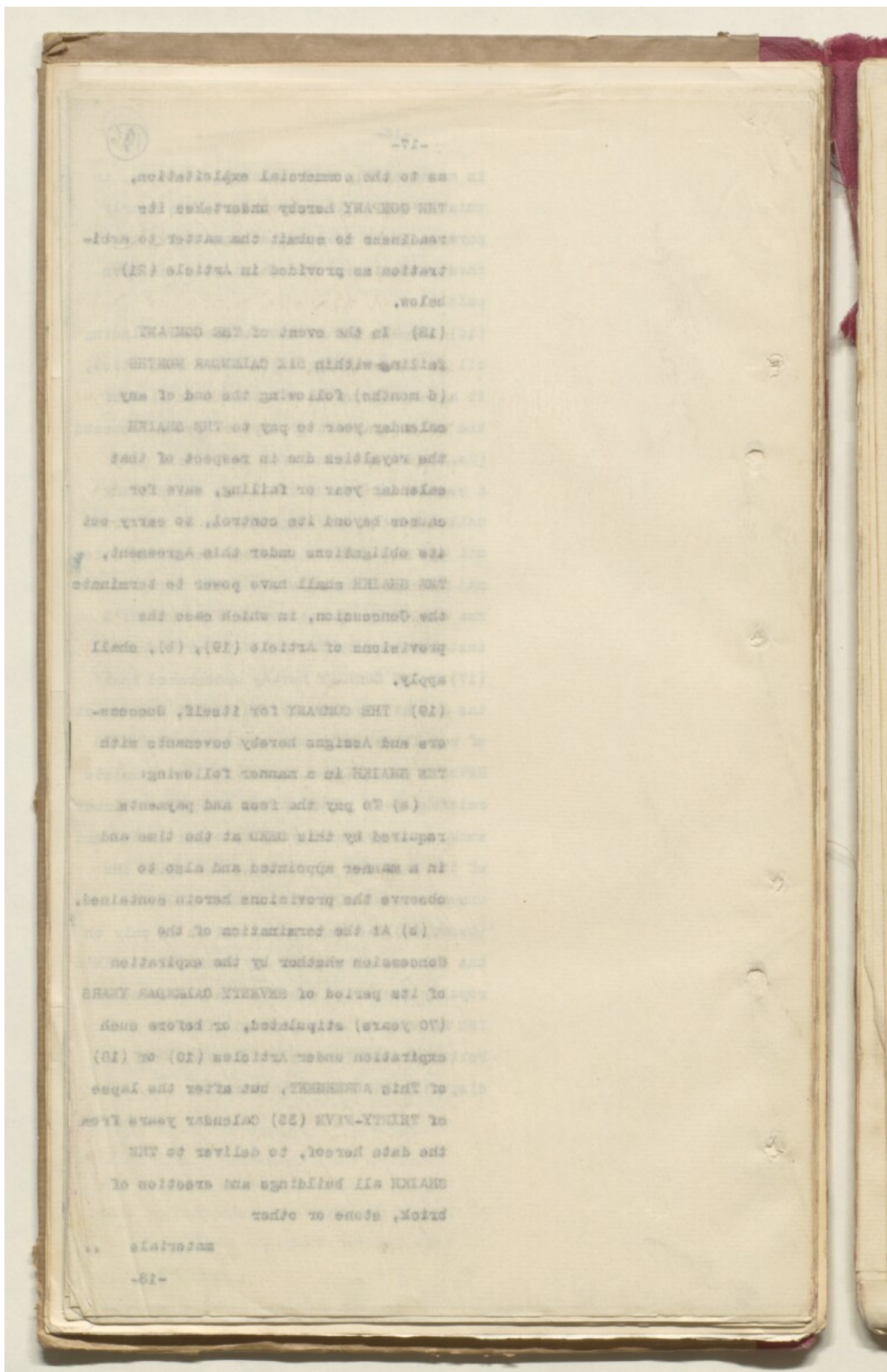
(19) THE COMPANY for itself, Success-
ors and Assigns hereby covenants with
THE SHAIKH in a manner following:

(a) To pay the fees and payments
required by this DEED at the time and
in a manner appointed and also to
observe the provisions herein contained.

(b) At the termination of the
Concession whether by the expiration
of its period of SEVENTY CALENDAR YEARS
(70 years) stipulated, or before such
expiration under Articles (10) or (18)
of This AGREEMENT, but after the lapse
of THIRTY-FIVE (35) Calendar years from
the date hereof, to deliver to THE
SHAIKH all buildings and erection of
brick, stone or other

materials ..

-18-





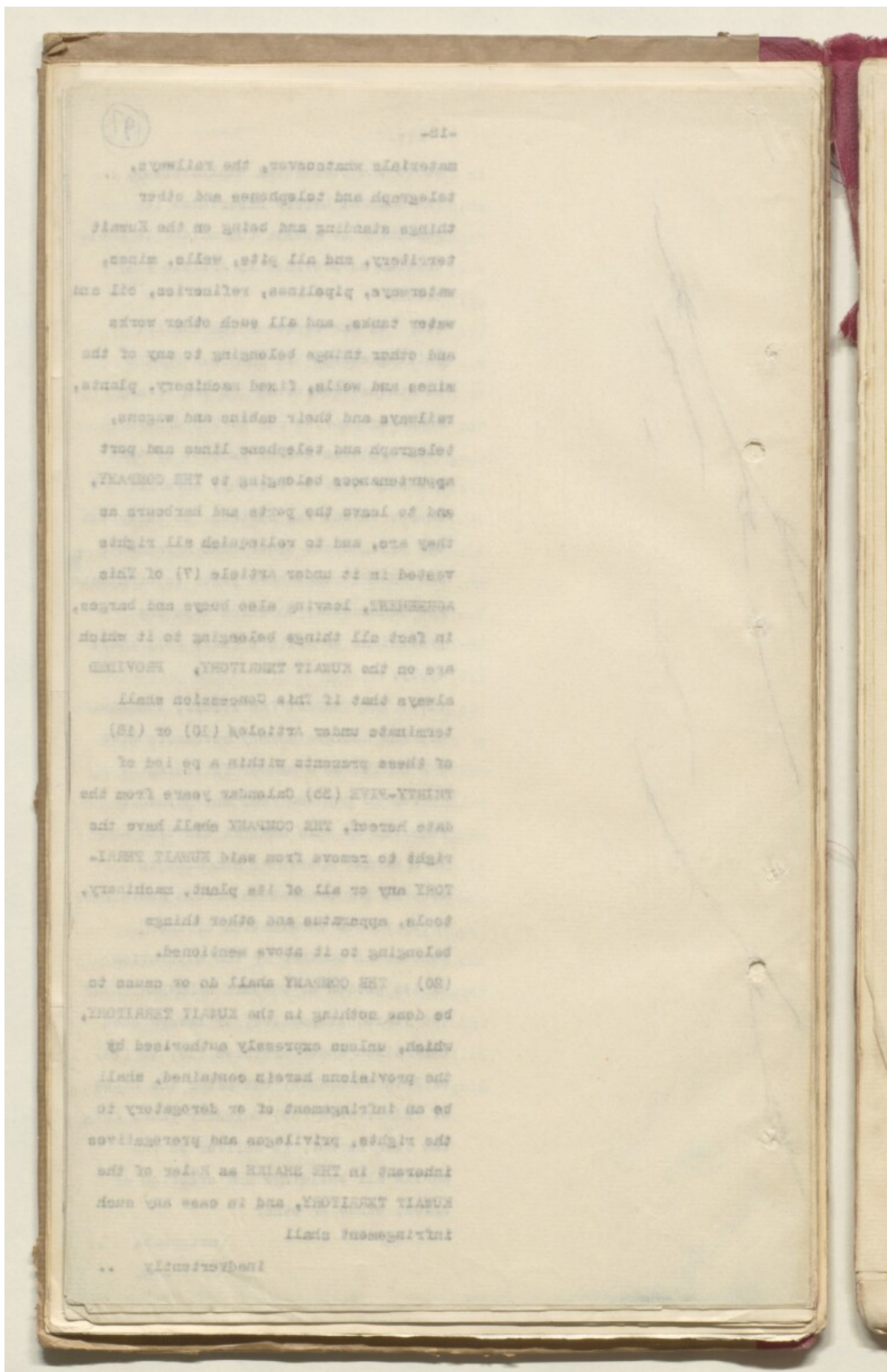
-18-

(97)

materials whatsoever, the railways, telegraph and telephones and other things standing and being on the Kuwait territory, and all pits, wells, mines, waterways, pipelines, refineries, oil and water tanks, and all such other works and other things belonging to any of the mines and wells, fixed machinery, plants, railways and their cabins and wagons, telegraph and telephone lines and port appurtenances belonging to THE COMPANY, and to leave the ports and harbours as they are, and to relinquish all rights vested in it under Article (7) of This AGREEMENT, leaving also buoys and barges, in fact all things belonging to it which are on the KUWAIT TERRITORY, PROVIDED always that if This Concession shall terminate under Articles (10) or (18) of these presents within a period of THIRTY-FIVE (35) Calendar years from the date hereof, THE COMPANY shall have the right to remove from said KUWAIT TERRITORY any or all of its plant, machinery, tools, apparatus and other things belonging to it above mentioned.

(20) THE COMPANY shall do or cause to be done nothing in the KUWAIT TERRITORY, which, unless expressly authorized by the provisions herein contained, shall be an infringement of or derogatory to the rights, privileges and prerogatives inherent in THE SHAIKH as Ruler of the KUWAIT TERRITORY, and in case any such infringement shall

inadvertently ..





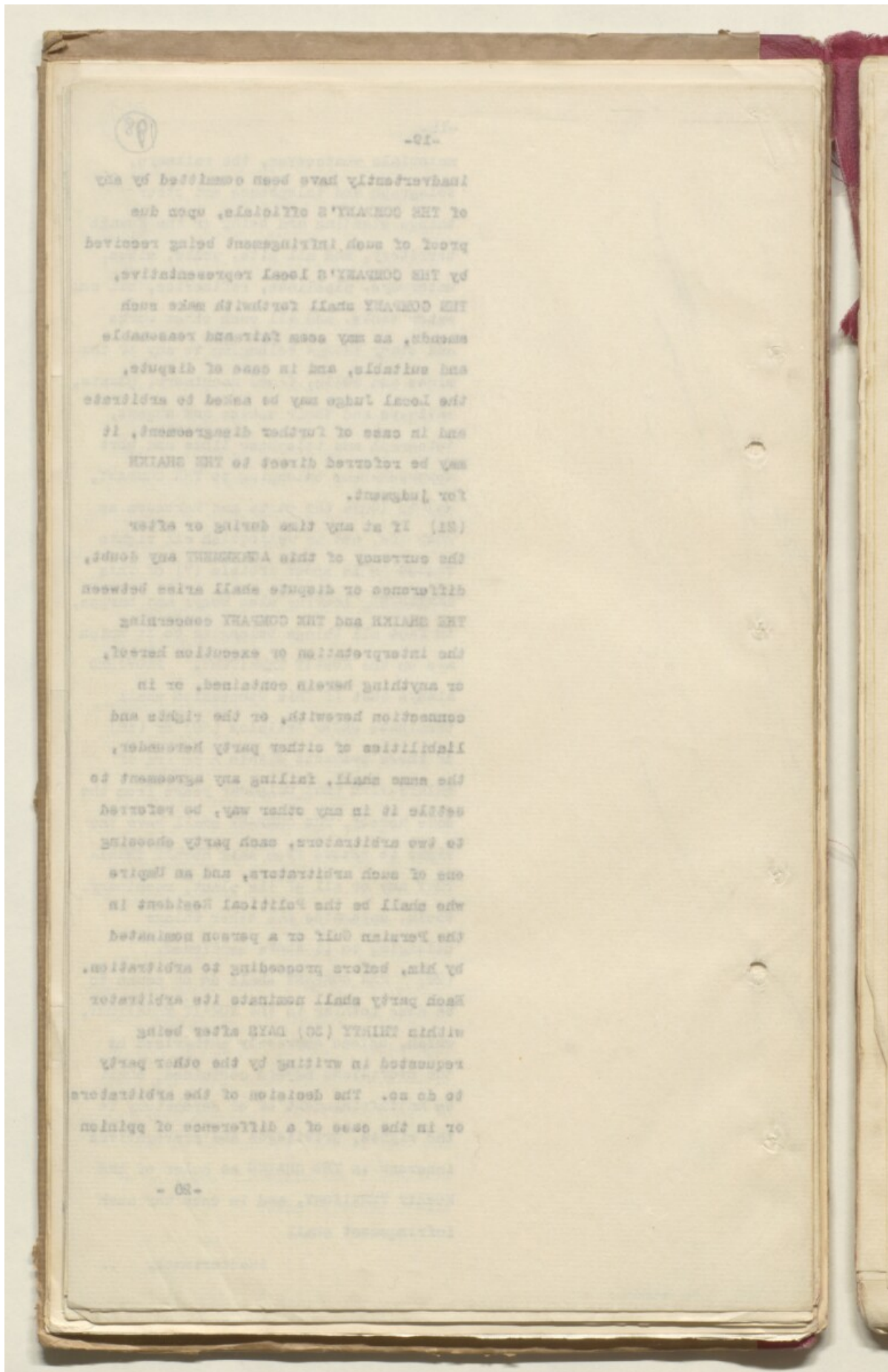
-19-

198

inadvertently have been committed by any of THE COMPANY'S officials, upon due proof of such infringement being received by THE COMPANY'S local representative, THE COMPANY shall forthwith make such amends, as may seem fair and reasonable and suitable, and in case of dispute, the Local Judge may be asked to arbitrate and in case of further disagreement, it may be referred direct to THE SHAIKH for judgment.

(21) If at any time during or after the currency of this AGREEMENT any doubt, difference or dispute shall arise between THE SHAIKH and THE COMPANY concerning the interpretation or execution hereof, or anything herein contained, or in connection herewith, or the rights and liabilities of either party hereunder, the same shall, failing any agreement to settle it in any other way, be referred to two arbitrators, each party choosing one of such arbitrators, and an Umpire who shall be the Political Resident in the Persian Gulf or a person nominated by him, before proceeding to arbitration. Each party shall nominate its arbitrator within THIRTY (30) DAYS after being requested in writing by the other party to do so. The decision of the arbitrators or in the case of a difference of opinion

-20 -





-20-

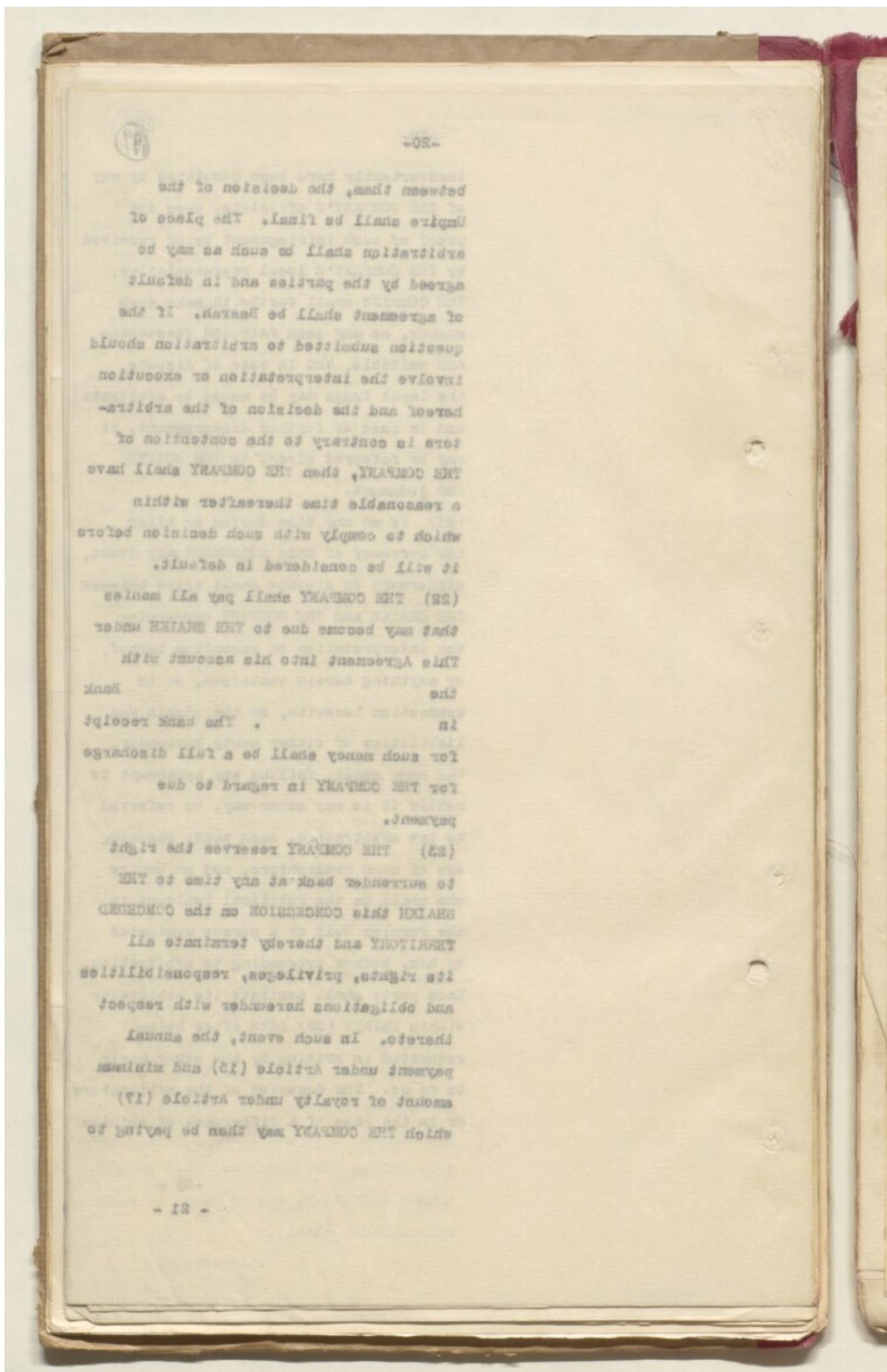
(9)

between them, the decision of the
Umpire shall be final. The place of
arbitration shall be such as may be
agreed by the parties and in default
of agreement shall be Basrah. If the
question submitted to arbitration should
involve the interpretation or execution
hereof and the decision of the arbitra-
tors is contrary to the contention of
THE COMPANY, then THE COMPANY shall have
a reasonable time thereafter within
which to comply with such decision before
it will be considered in default.

(22) THE COMPANY shall pay all monies
that may become due to THE SHAIKH under
This Agreement into his account with
the Bank
in . The bank receipt
for such money shall be a full discharge
for THE COMPANY in regard to due
payment.

(23) THE COMPANY reserves the right
to surrender back at any time to THE
SHAIKH this CONCESSION on the CONCEDED
TERRITORY and thereby terminate all
its rights, privileges, responsibilities
and obligations hereunder with respect
thereto. In such event, the annual
payment under Article (15) and minimum
amount of royalty under Article (17)
which THE COMPANY may then be paying to

- 21 -





-21-

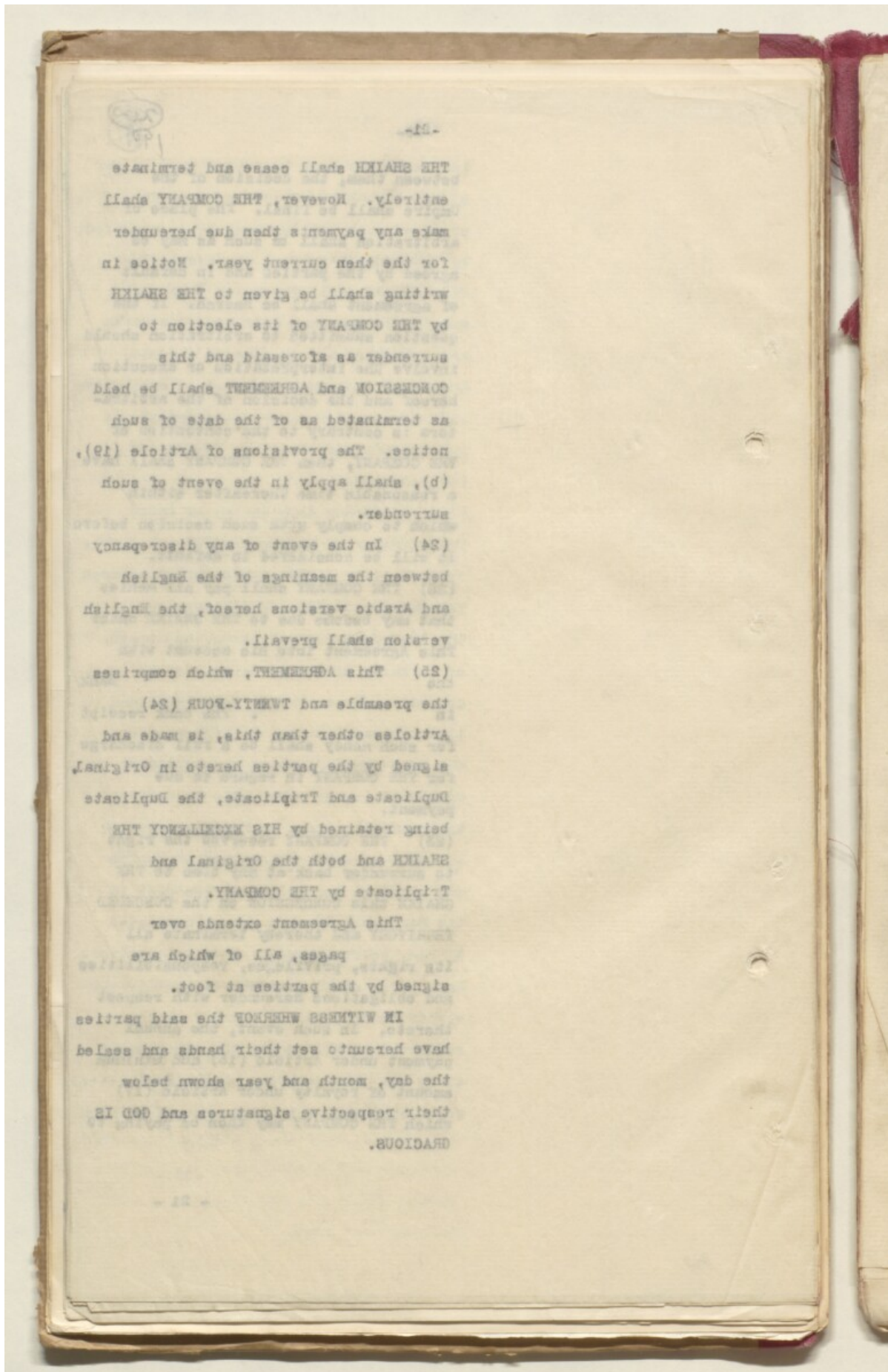
THE SHAIKH shall cease and terminate entirely. However, THE COMPANY shall make any payments then due hereunder for the then current year. Notice in writing shall be given to THE SHAIKH by THE COMPANY of its election to surrender as aforesaid and this CONCESSION and AGREEMENT shall be held as terminated as of the date of such notice. The provisions of Article (19), (b), shall apply in the event of such surrender.

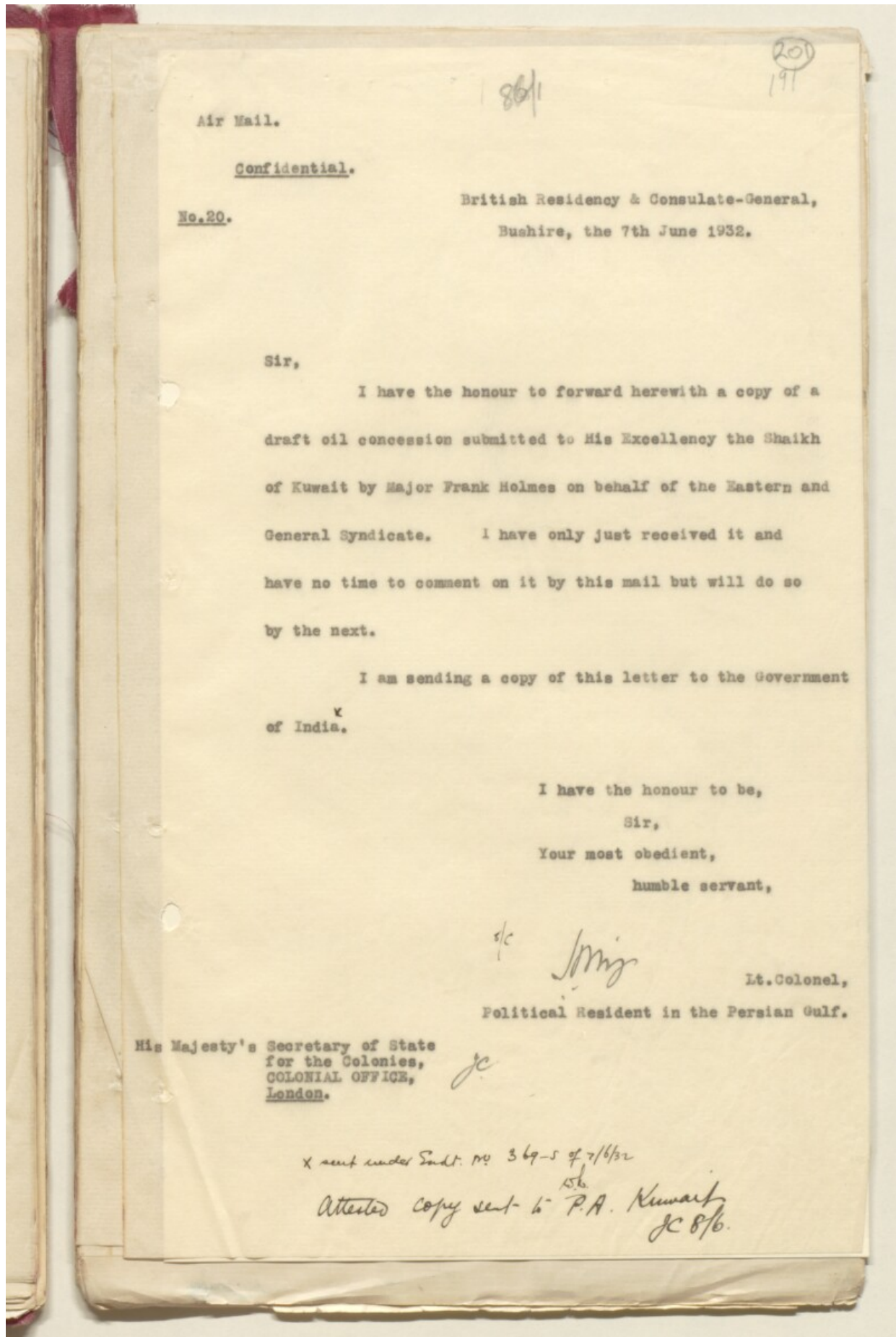
(24) In the event of any discrepancy between the meanings of the English and Arabic versions hereof, the English version shall prevail.

(25) This AGREEMENT, which comprises the preamble and TWENTY-FOUR (24) Articles other than this, is made and signed by the parties hereto in Original, Duplicate and Triplicate, the Duplicate being retained by HIS EXCELLENCY THE SHAIKH and both the Original and Triplicate by THE COMPANY.

This Agreement extends over
pages, all of which are
signed by the parties at foot.

IN WITNESS WHEREOF the said parties have hereunto set their hands and sealed the day, month and year shown below their respective signatures and GOD IS GRACIOUS.





Air Mail.

Confidential.

No.20.

British Residency & Consulate-General,
Bushire, the 7th June 1932.

Sir,

I have the honour to forward herewith a copy of a draft oil concession submitted to His Excellency the Shaikh of Kuwait by Major Frank Holmes on behalf of the Eastern and General Syndicate. I have only just received it and have no time to comment on it by this mail but will do so by the next.

I am sending a copy of this letter to the Government of India.

I have the honour to be,

Sir,

Your most obedient,

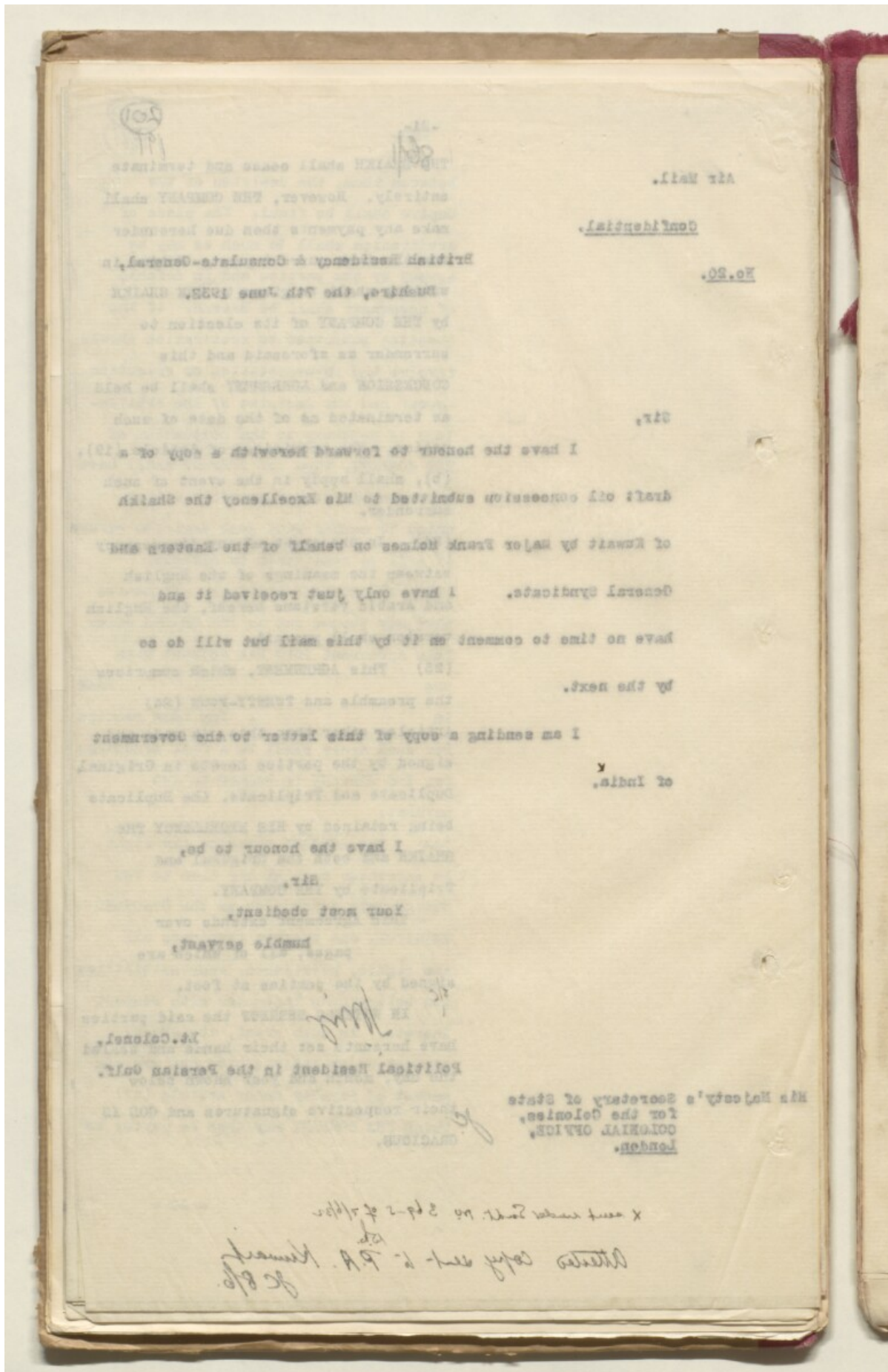
humble servant,

s/c *Jmij*
Lt. Colonel,
Political Resident in the Persian Gulf.

His Majesty's Secretary of State
for the Colonies,
COLONIAL OFFICE,
London. *jc*

X sent under Sndt. no 369-5 of 7/6/32

Attested copy sent to ^{Asb} P.A. Kuwait
jc 8/6.





86/1
192
British Residency and Consulate-General,
Bushire, the 10th June 1932.

No. 21.

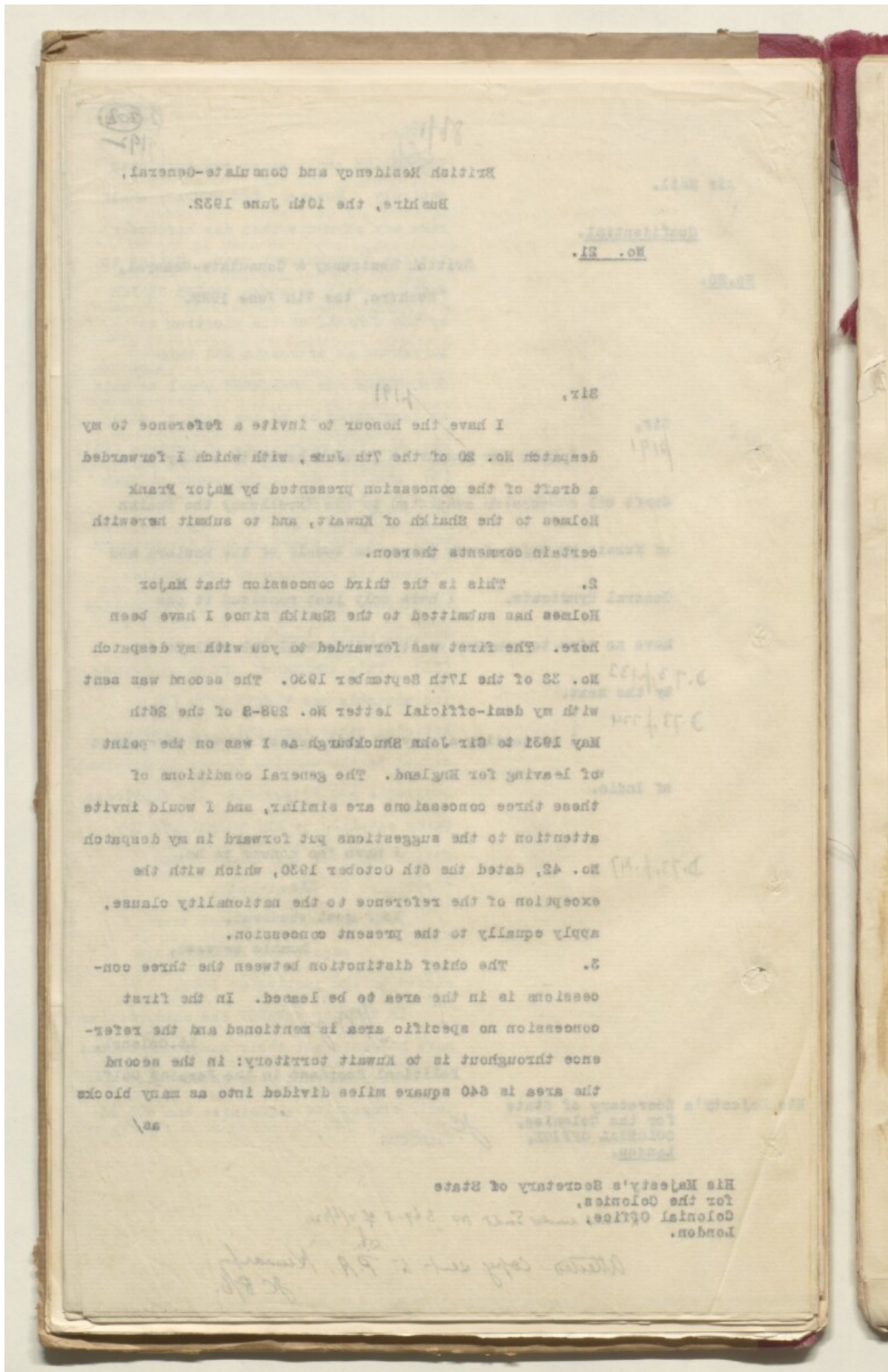
Sir,

p191
I have the honour to invite a reference to my despatch No. 20 of the 7th June, with which I forwarded a draft of the concession presented by Major Frank Holmes to the Shaikh of Kuwait, and to submit herewith certain comments thereon.

2. This is the third concession that Major Holmes has submitted to the Shaikh since I have been here. The first was forwarded to you with my despatch No. 38 of the 17th September 1930. The second was sent with my demi-official letter No. 298-S of the 26th May 1931 to Sir John Shuckburgh as I was on the point of leaving for England. The general conditions of these three concessions are similar, and I would invite attention to the suggestions put forward in my despatch No. 42, dated the 6th October 1930, which with the exception of the reference to the nationality clause, apply equally to the present concession.

3. The chief distinction between the three concessions is in the area to be leased. In the first concession no specific area is mentioned and the reference throughout is to Kuwait territory: in the second the area is 640 square miles divided into as many blocks as/

His Majesty's Secretary of State
for the Colonies,
Colonial Office,
London.





-2-

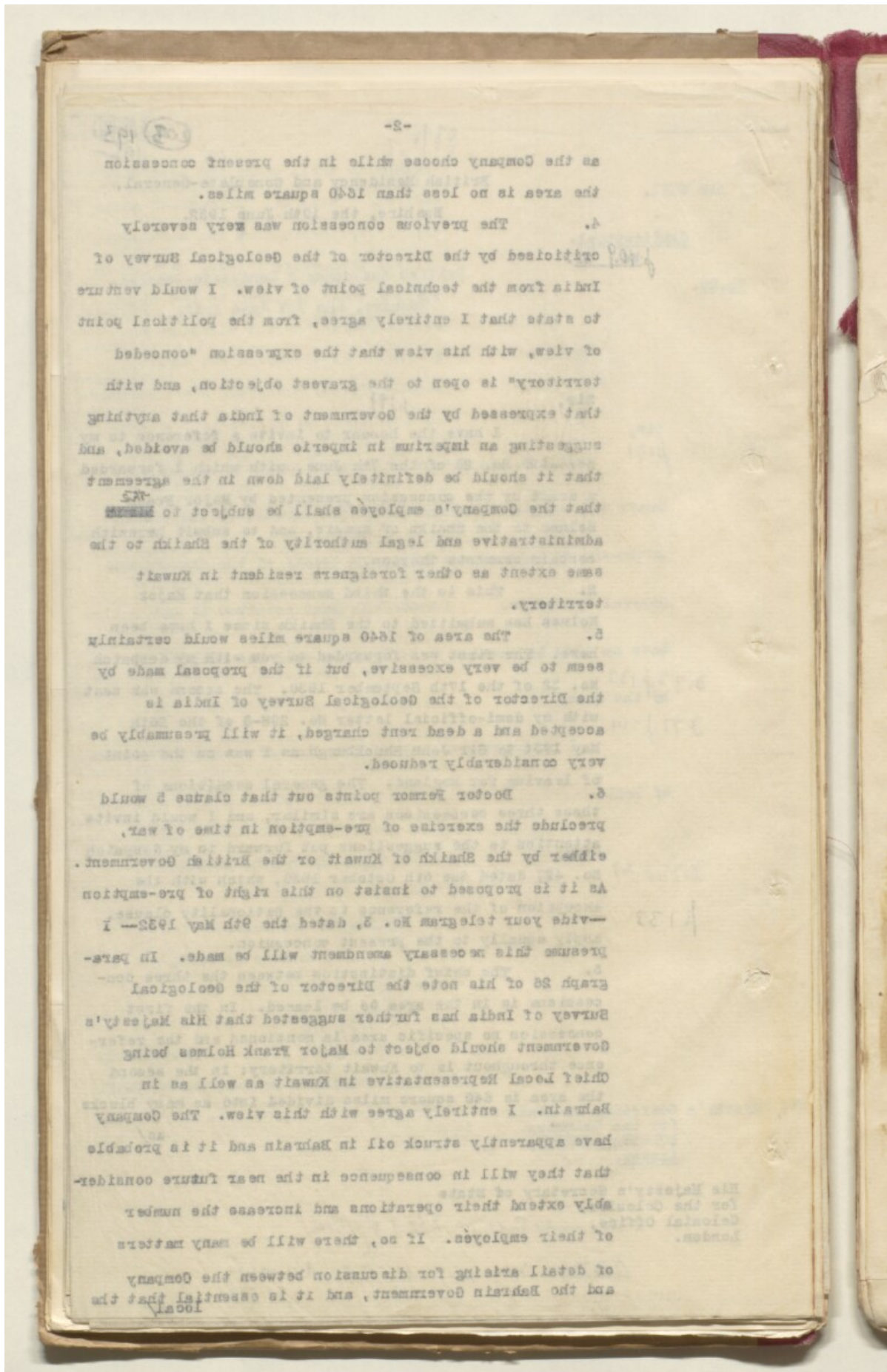
203 193

as the Company choose while in the present concession the area is no less than 1640 square miles.

4. The previous concession was very severely criticised by the Director of the Geological Survey of India from the technical point of view. I would venture to state that I entirely agree, from the political point of view, with his view that the expression "conceded territory" is open to the gravest objection, and with that expressed by the Government of India that anything suggesting an imperium in imperio should be avoided, and that it should be definitely laid down in the agreement that the Company's employes shall be subject to ~~the~~ administrative and legal authority of the Shaikh to the same extent as other foreigners resident in Kuwait territory.

5. The area of 1640 square miles would certainly seem to be very excessive, but if the proposal made by the Director of the Geological Survey of India is accepted and a dead rent charged, it will presumably be very considerably reduced.

6. Doctor Fermor points out that clause 5 would preclude the exercise of pre-emption in time of war, either by the Shaikh of Kuwait or the British Government. As it is proposed to insist on this right of pre-emption --vide your telegram No. 3, dated the 9th May 1932-- I presume this necessary amendment will be made. In paragraph 26 of his note the Director of the Geological Survey of India has further suggested that His Majesty's Government should object to Major Frank Holmes being Chief Local Representative in Kuwait as well as in Bahrain. I entirely agree with this view. The Company have apparently struck oil in Bahrain and it is probable that they will in consequence in the near future considerably extend their operations and increase the number of their employes. If so, there will be many matters of detail arising for discussion between the Company and the Bahrain Government, and it is essential that the local





-3-

204
194

local Representative of the Company should be permanently located at Bahrain. At present Major Holmes only visits it periodically, and it is obvious that he cannot attend to the work in Bahrain if he also occupies a similar position at Kuwait. I may mention that I ~~am~~ do not consider Major Holmes a particularly desirable person, and should be glad to see him replaced by some one else in Bahrain when occasion offers. In any case, however, he should not be the local Representative in Kuwait.

7. I would suggest that in view of the opinion expressed by the Director of the Geological Survey of India in paragraph 15 of his note an entirely fresh concession should be drafted embodying those of his suggestions which His Majesty's Government consider desirable to incorporate and also the safeguards and that it should be discussed with the Syndicate in London on the understanding that it does not necessarily bind the Shaikh. I regard discussions out here as very unsatisfactory, as the Shaikh is a child in the hands of Major Holmes, while neither Colonel Dickson nor I possess any technical knowledge.

I am sending a copy of this despatch to the Government of India.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

o/c

J.M.H.

Lt.-Col.,

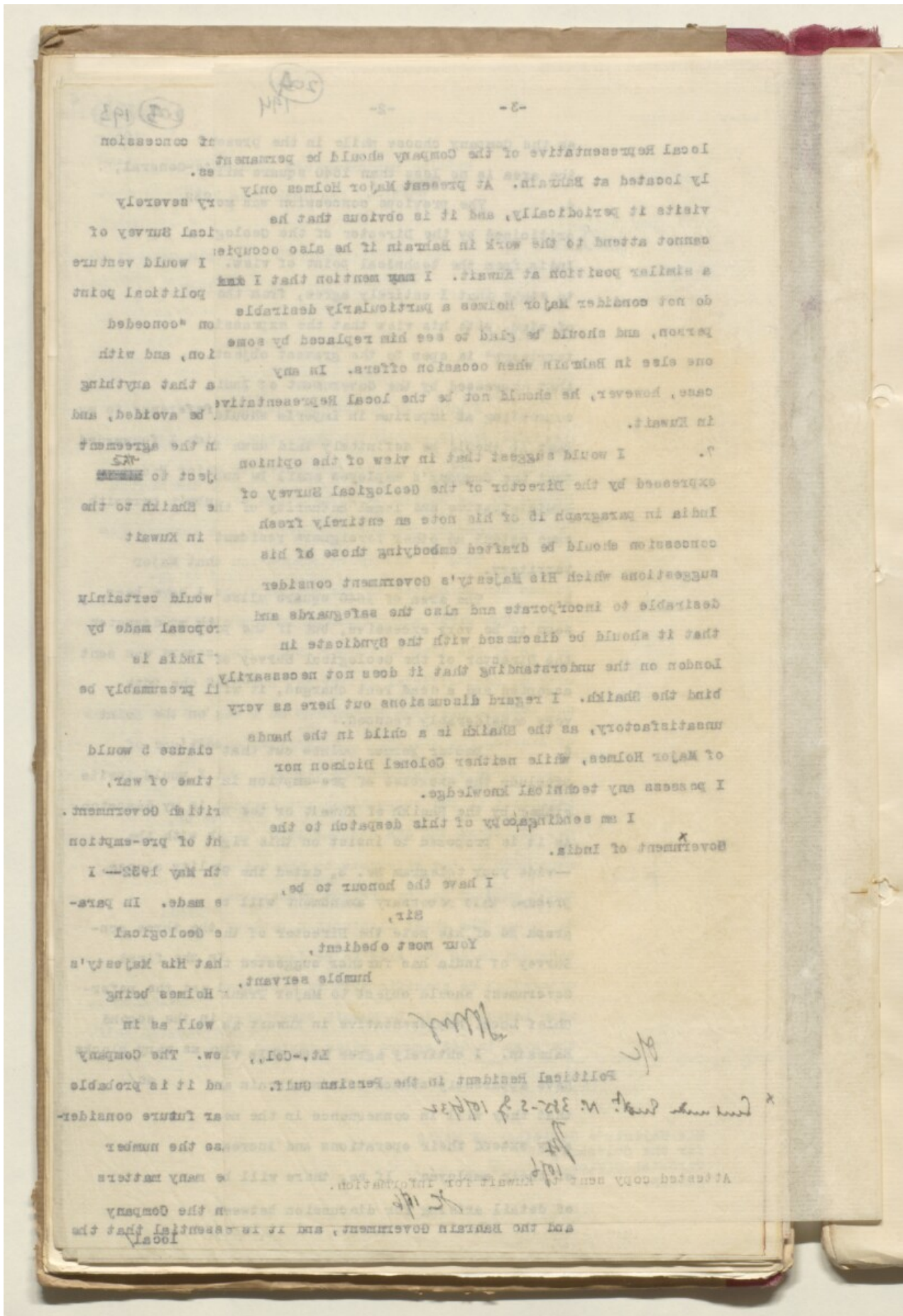
Political Resident in the Persian Gulf.

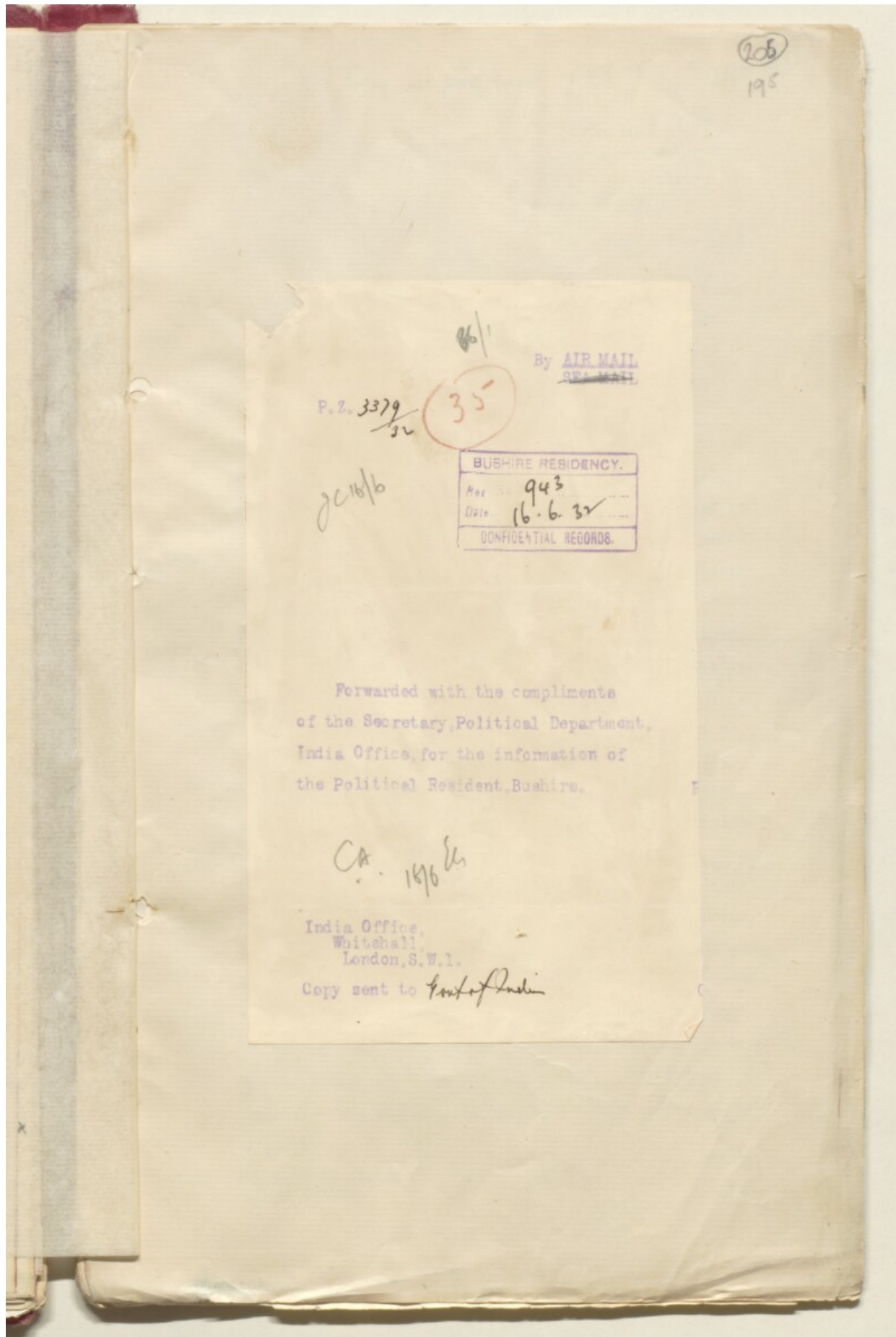
* Enclosed Encl. N. 385-S 2 10/6/32

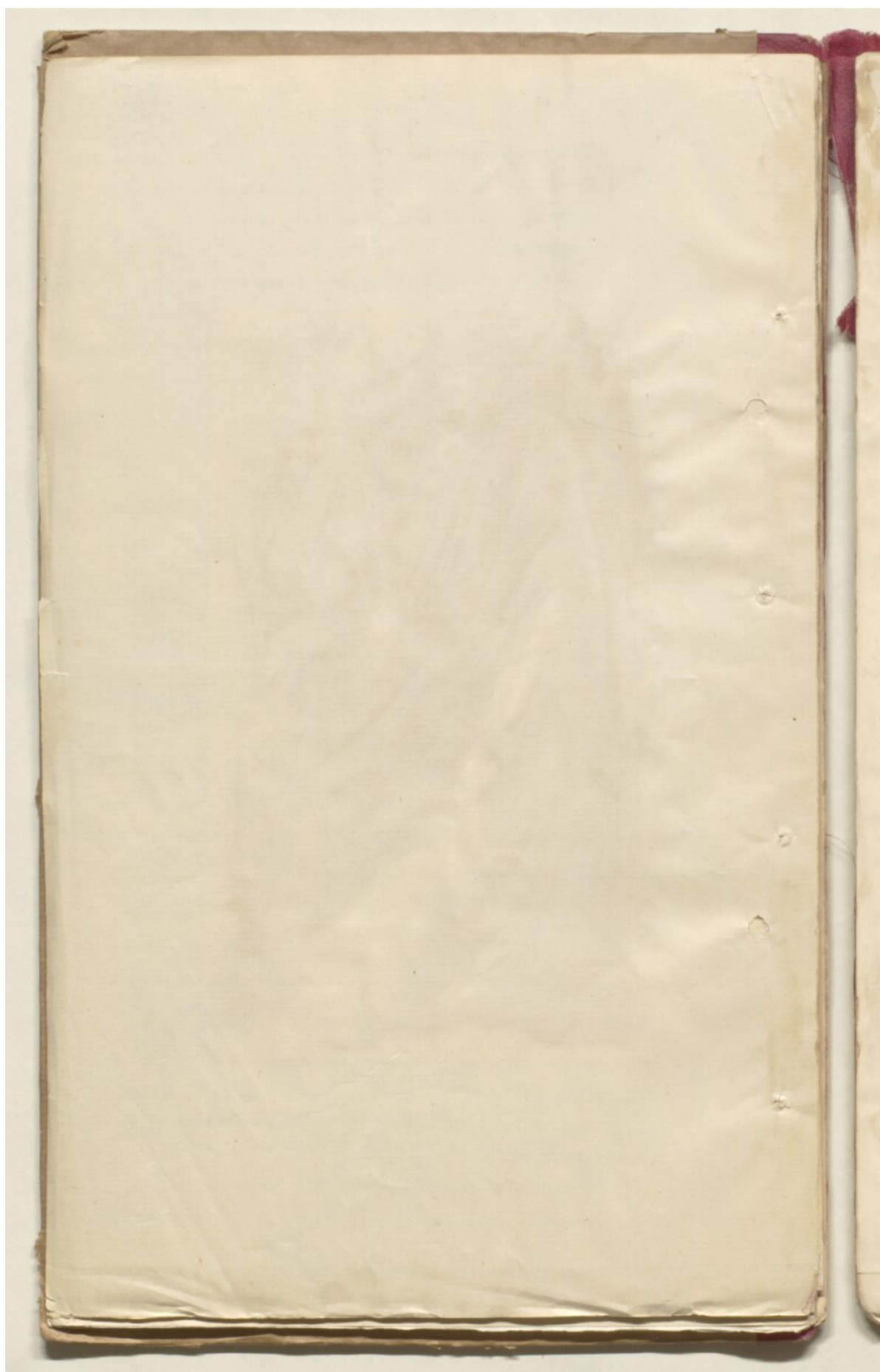
10/6

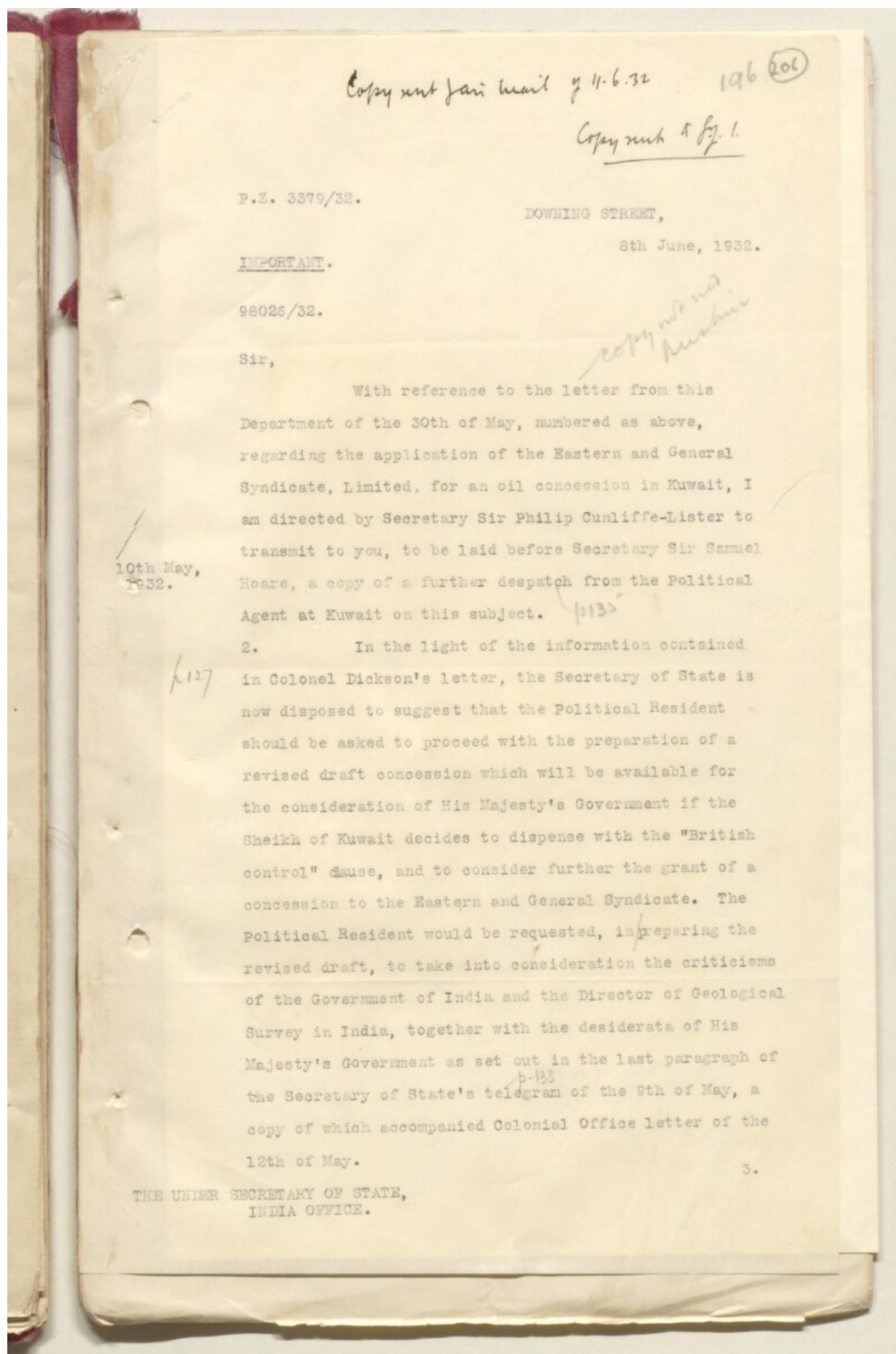
Attested copy sent to Kuwait for information.

10/6









P.Z. 3379/32.

DOWNING STREET,

8th June, 1932.

IMPORTANT.

98026/32.

Sir,

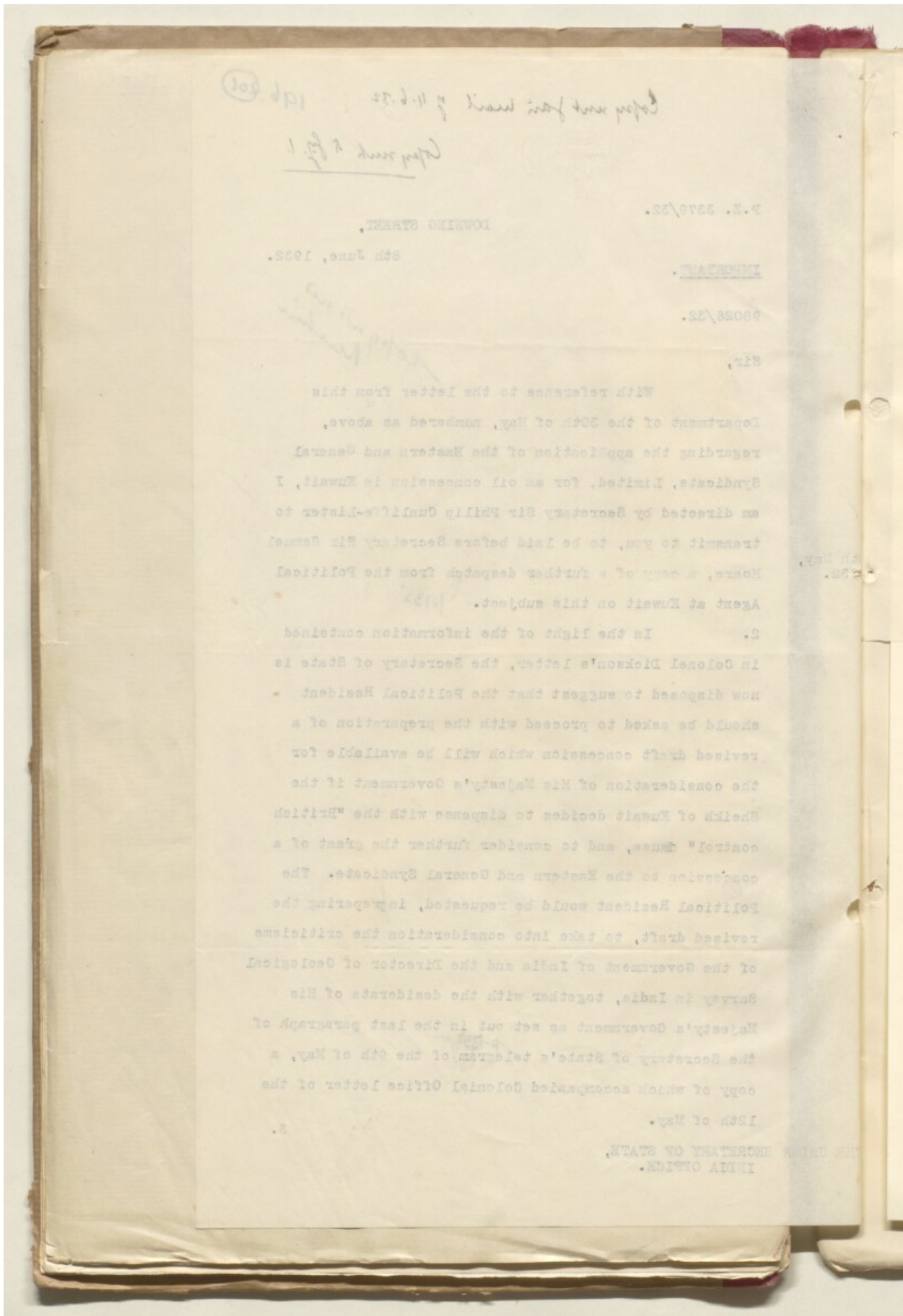
With reference to the letter from this Department of the 30th of May, numbered as above, regarding the application of the Eastern and General Syndicate, Limited, for an oil concession in Kuwait, I am directed by Secretary Sir Philip Cunliffe-Lister to transmit to you, to be laid before Secretary Sir Samuel Hoare, a copy of a further despatch from the Political Agent at Kuwait on this subject. *1335*

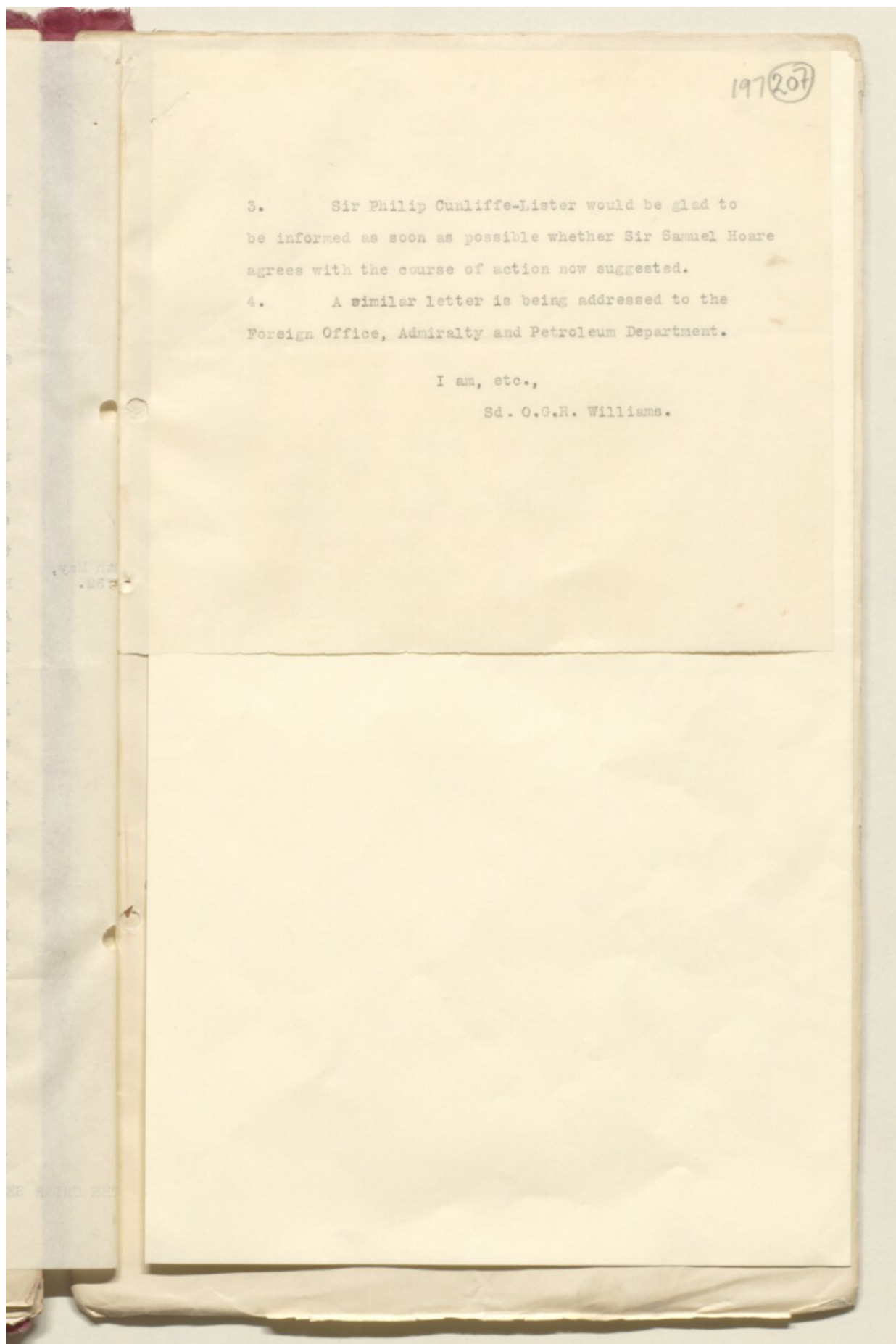
10th May,
1932.

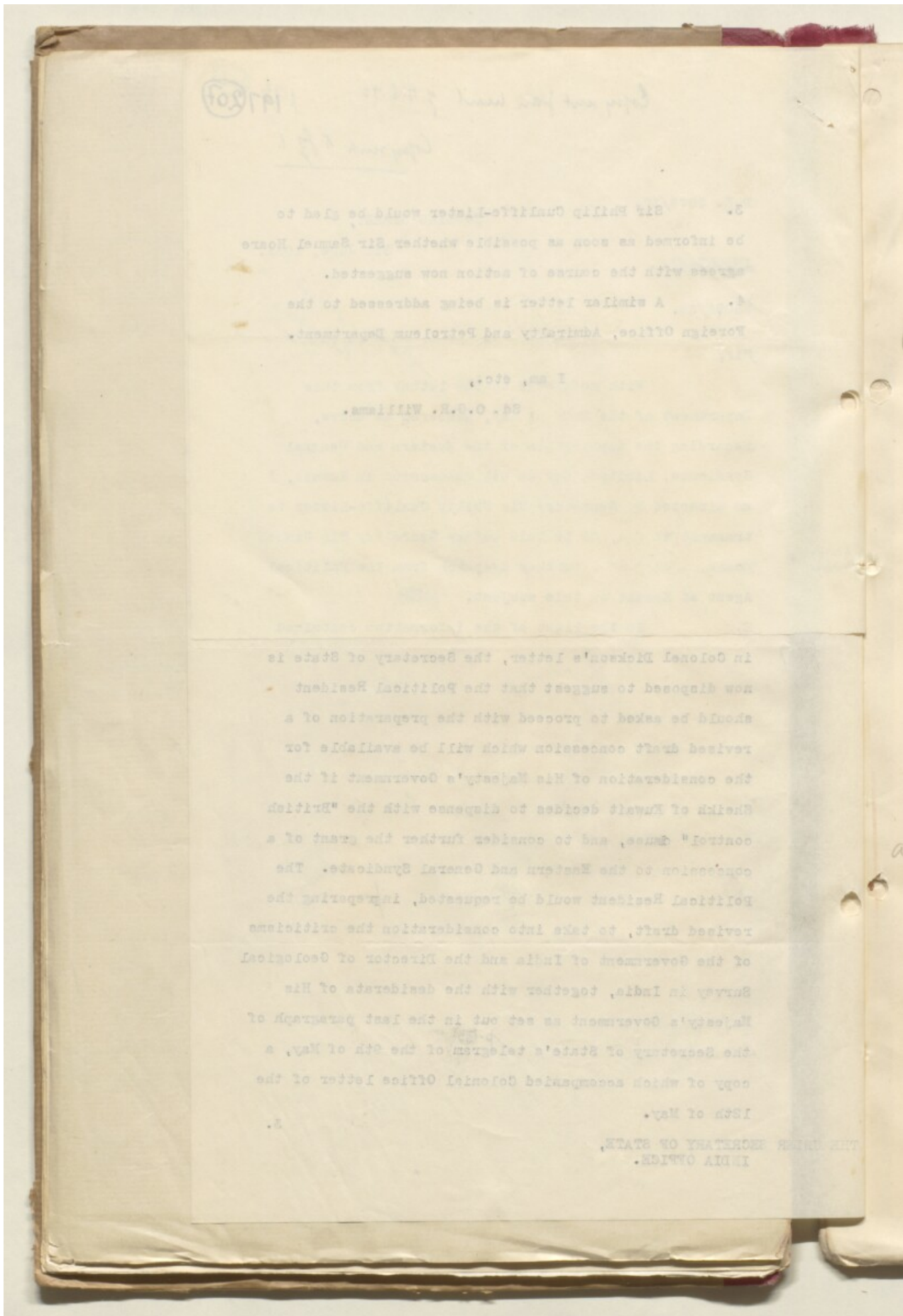
1127
2. In the light of the information contained in Colonel Dickson's letter, the Secretary of State is now disposed to suggest that the Political Resident should be asked to proceed with the preparation of a revised draft concession which will be available for the consideration of His Majesty's Government if the Sheikh of Kuwait decides to dispense with the "British control" clause, and to consider further the grant of a concession to the Eastern and General Syndicate. The Political Resident would be requested, in preparing the revised draft, to take into consideration the criticisms of the Government of India and the Director of Geological Survey in India, together with the desiderata of His Majesty's Government as set out in the last paragraph of the Secretary of State's telegram of the 9th of May, a copy of which accompanied Colonial Office letter of the 12th of May. *b-133*

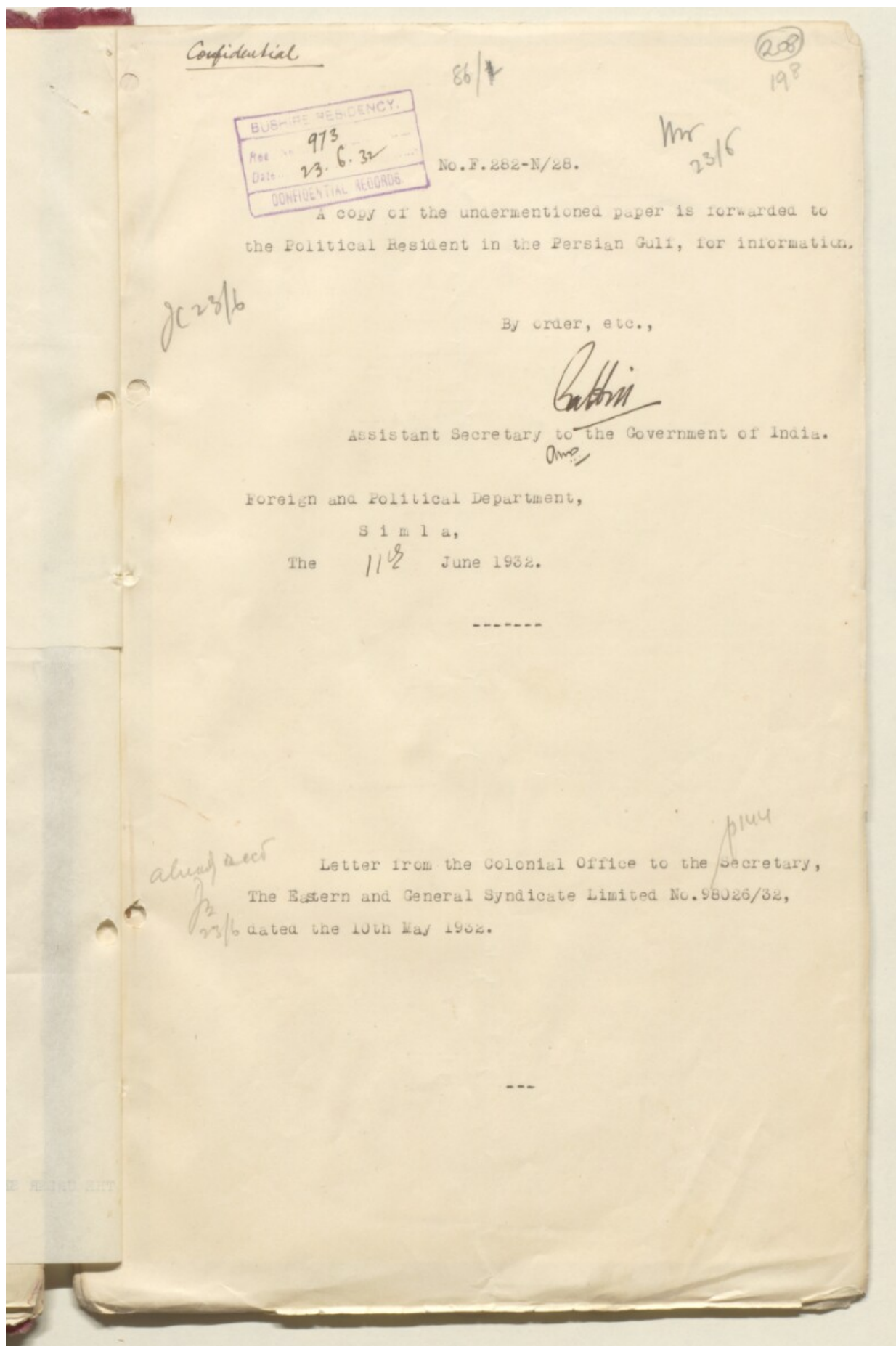
THE UNDER SECRETARY OF STATE,
INDIA OFFICE.

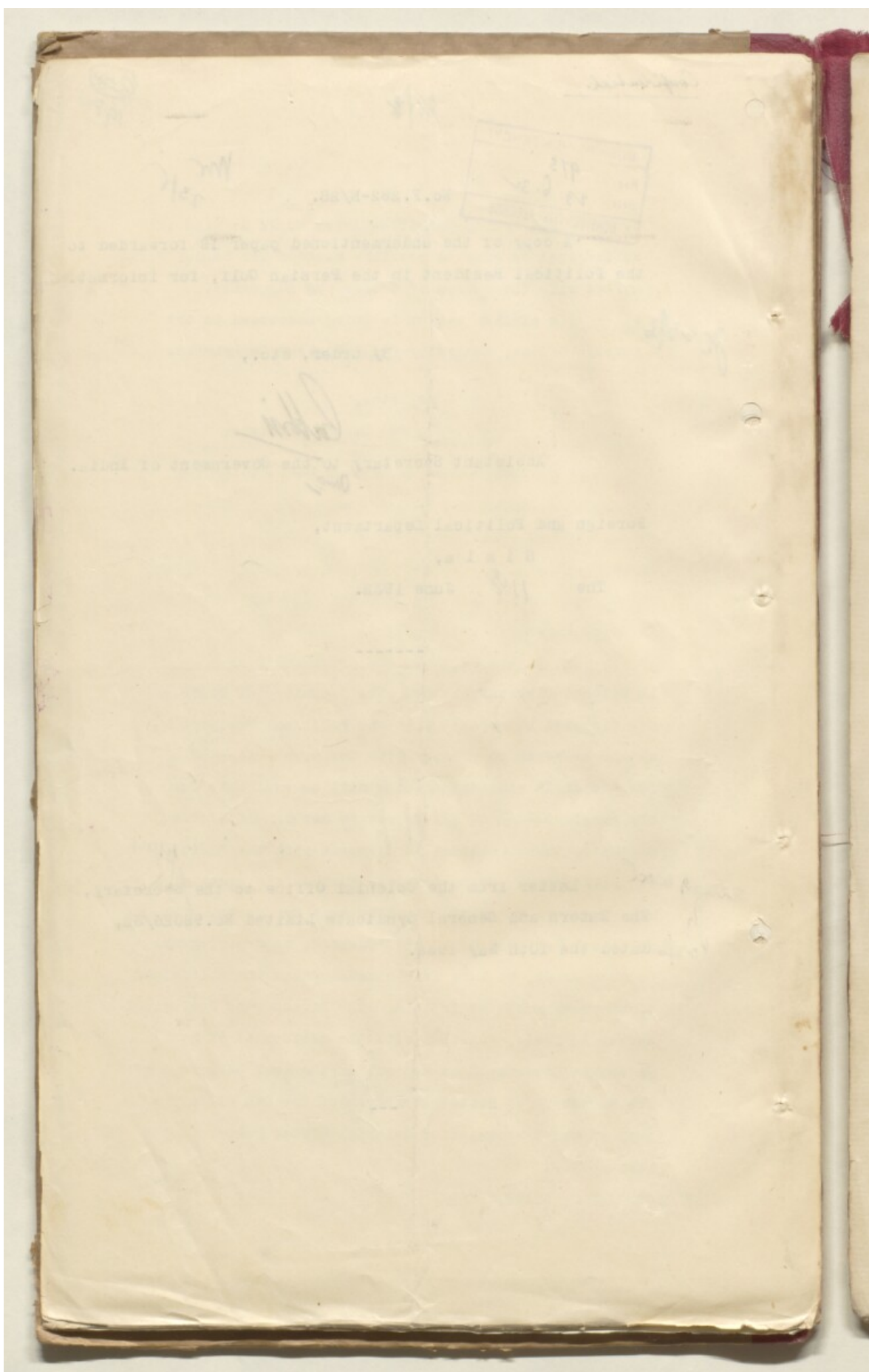
3.













841
By Air Mail.

Confidential.

199
(209)
The Residency,
Bushire, 24th June 1932.

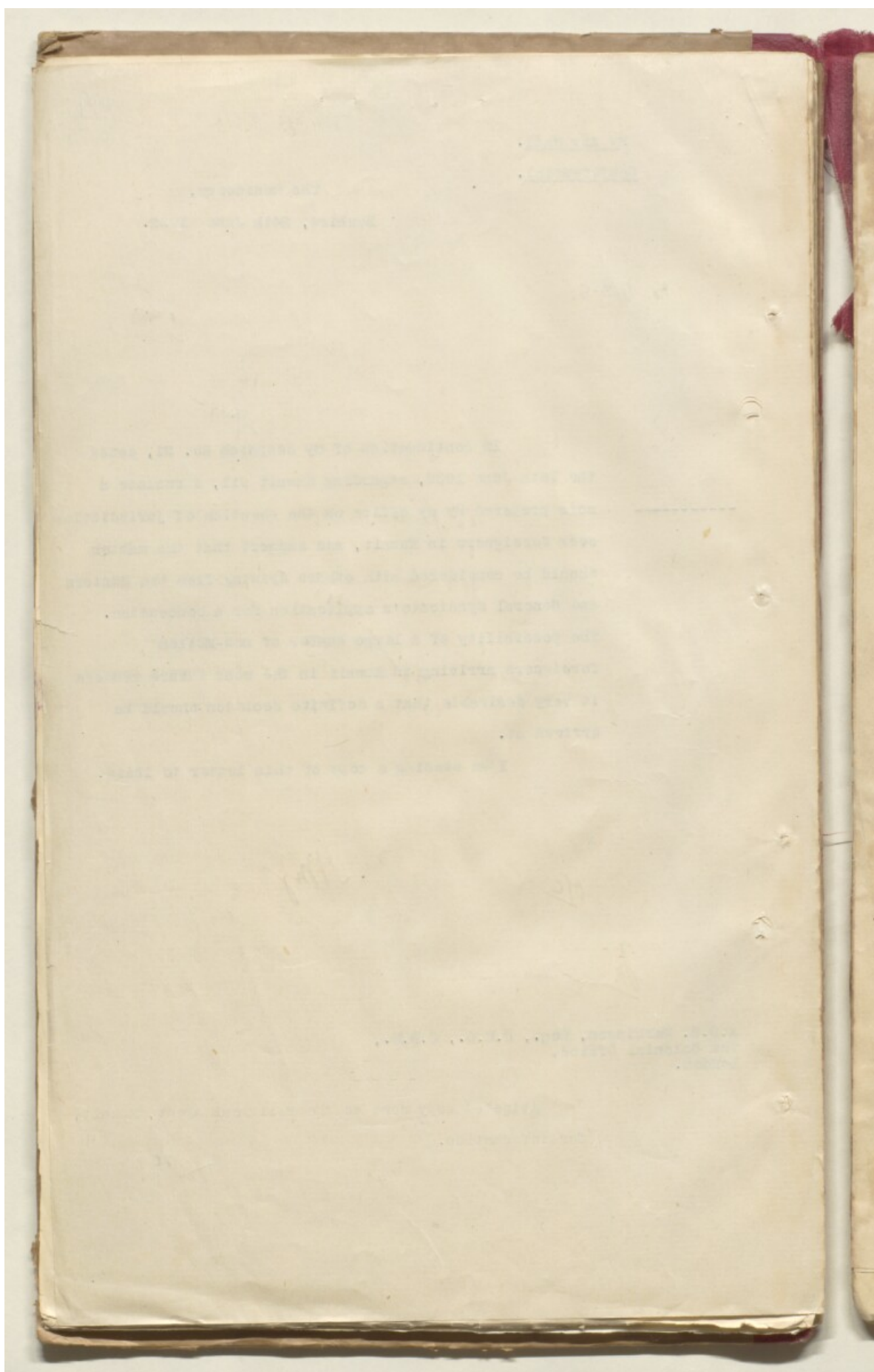
No. 413-S.

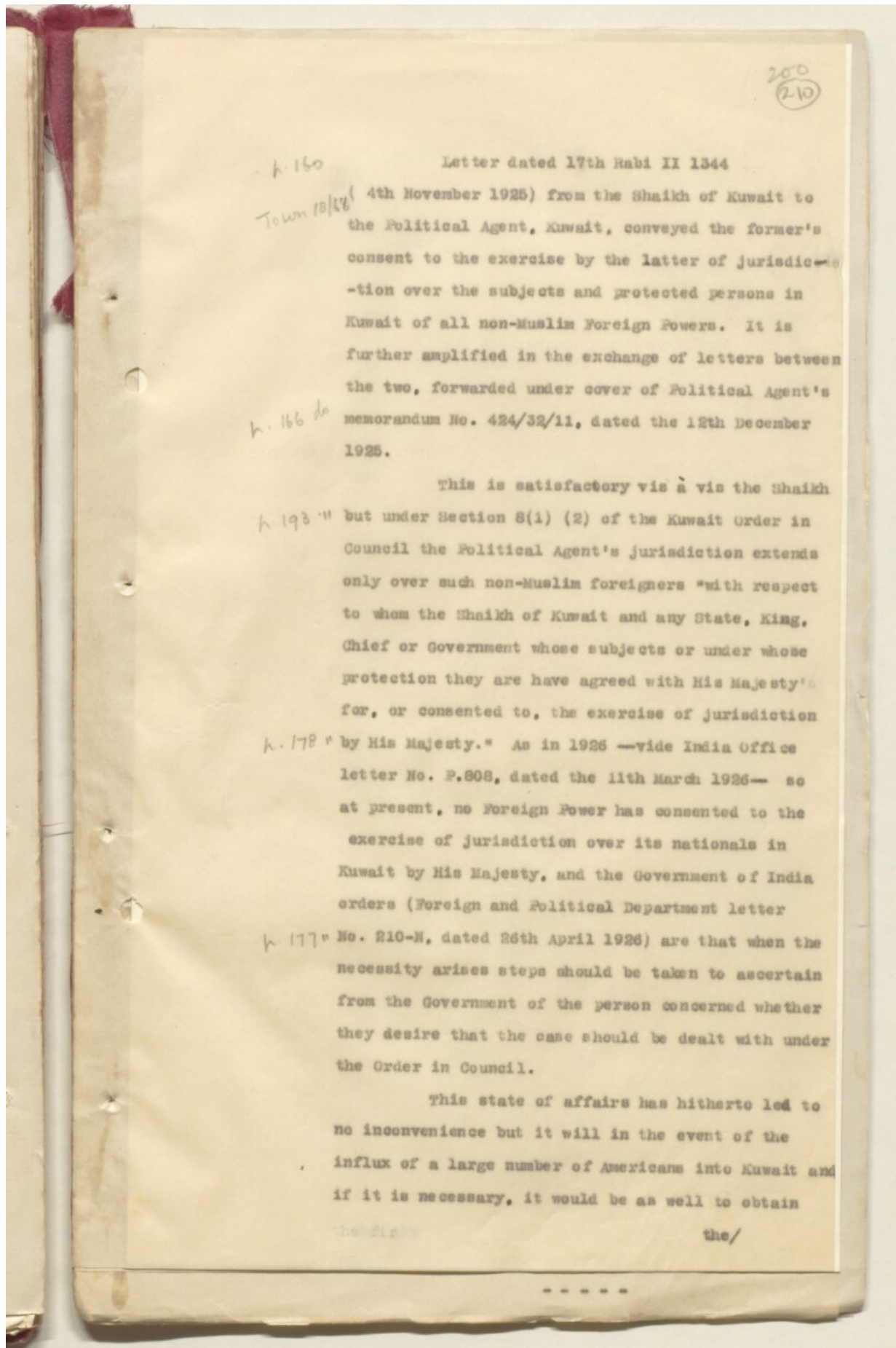
p192
In continuation of my despatch No. 21, dated the 10th June 1932, regarding Kuwait oil, I enclose a ----- note prepared by my office on the question of jurisdiction over foreigners in Kuwait, and suggest that the matter should be considered with others arising from the Eastern and General Syndicate's application for a concession. The possibility of a large number of non-Moslem foreigners arriving in Kuwait in the near future renders it very desirable that a definite decision should be arrived at.

I am sending a copy of this letter to India.

o/c
J
A.C.C. Parkinson, Esq., C.M.G., O.B.E.,
The Colonial Office,
London.

Attested copy sent to the Political Agent, Kuwait,
for information.
Jc.

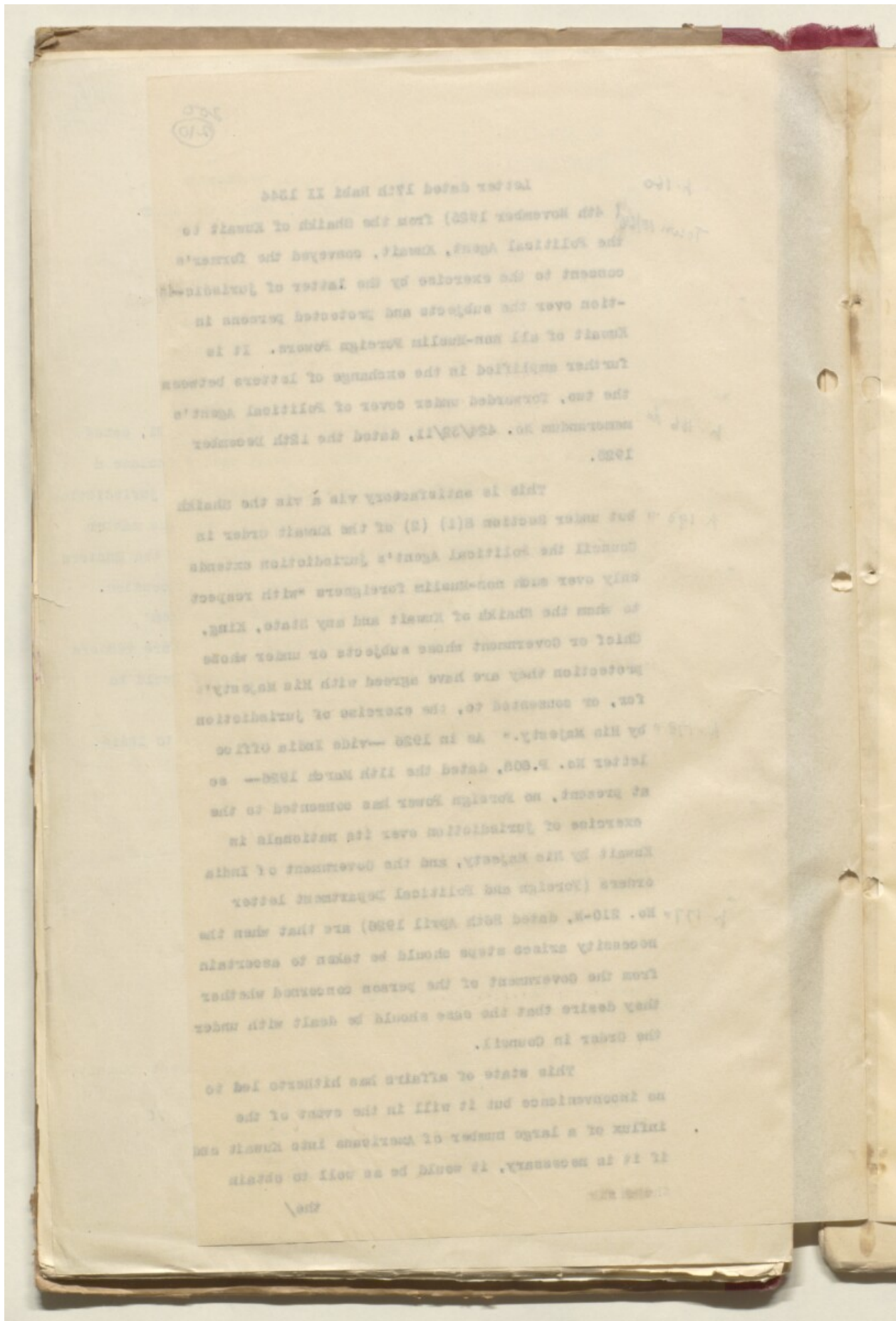




h. 160
Town 18/11/26
Letter dated 17th Rabi II 1344
(4th November 1925) from the Shaikh of Kuwait to
the Political Agent, Kuwait, conveyed the former's
consent to the exercise by the latter of jurisdic-
-tion over the subjects and protected persons in
Kuwait of all non-Muslim Foreign Powers. It is
further amplified in the exchange of letters between
the two, forwarded under cover of Political Agent's
h. 166 do memorandum No. 424/32/11, dated the 12th December
1925.

h. 193 " This is satisfactory vis à vis the Shaikh
but under Section 8(1) (2) of the Kuwait Order in
Council the Political Agent's jurisdiction extends
only over such non-Muslim foreigners "with respect
to whom the Shaikh of Kuwait and any State, King,
Chief or Government whose subjects or under whose
protection they are have agreed with His Majesty's
for, or consented to, the exercise of jurisdiction
h. 178 " by His Majesty." As in 1926 --vide India Office
letter No. P.808, dated the 11th March 1926-- so
at present, no Foreign Power has consented to the
exercise of jurisdiction over its nationals in
Kuwait by His Majesty, and the Government of India
orders (Foreign and Political Department letter
h. 177 " No. 210-N, dated 26th April 1926) are that when the
necessity arises steps should be taken to ascertain
from the Government of the person concerned whether
they desire that the case should be dealt with under
the Order in Council.

This state of affairs has hitherto led to
no inconvenience but it will in the event of the
influx of a large number of Americans into Kuwait and
if it is necessary, it would be as well to obtain
the/





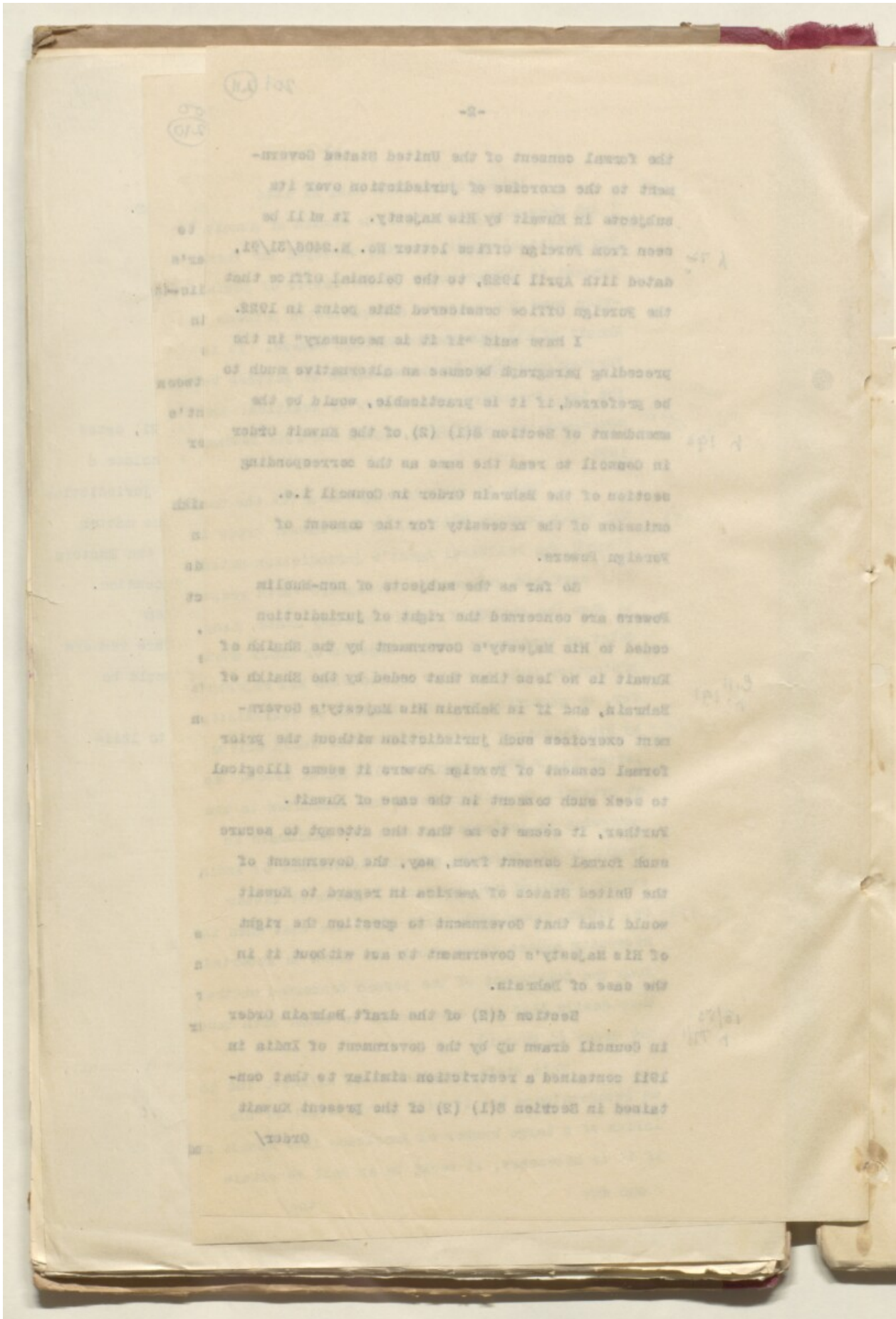
-2-

201 (211)
the formal consent of the United States Government to the exercise of jurisdiction over its subjects in Kuwait by His Majesty. It will be seen from Foreign Office letter No. E.2406/31/91, dated 11th April 1922, to the Colonial Office that the Foreign Office considered this point in 1922.

h 72
I have said "if it is necessary" in the preceding paragraph because an alternative much to be preferred, if it is practicable, would be the amendment of Section 8(1) (2) of the Kuwait Order in Council to read the same as the corresponding section of the Bahrain Order in Council i.e. omission of the necessity for the consent of Foreign Powers.

h 193
So far as the subjects of non-Muslim Powers are concerned the right of jurisdiction ceded to His Majesty's Government by the Shaikh of Kuwait is no less than that ceded by the Shaikh of Bahrain, and if in Bahrain His Majesty's Government exercises such jurisdiction without the prior formal consent of Foreign Powers it seems illogical to seek such consent in the case of Kuwait. Further, it seems to me that the attempt to secure such formal consent from, say, the Government of the United States of America in regard to Kuwait would lead that Government to question the right of His Majesty's Government to act without it in the case of Bahrain.

18/53
h 77/1
Section 6(2) of the draft Bahrain Order in Council drawn up by the Government of India in 1911 contained a restriction similar to that contained in Section 8(1) (2) of the present Kuwait Order/
Order/





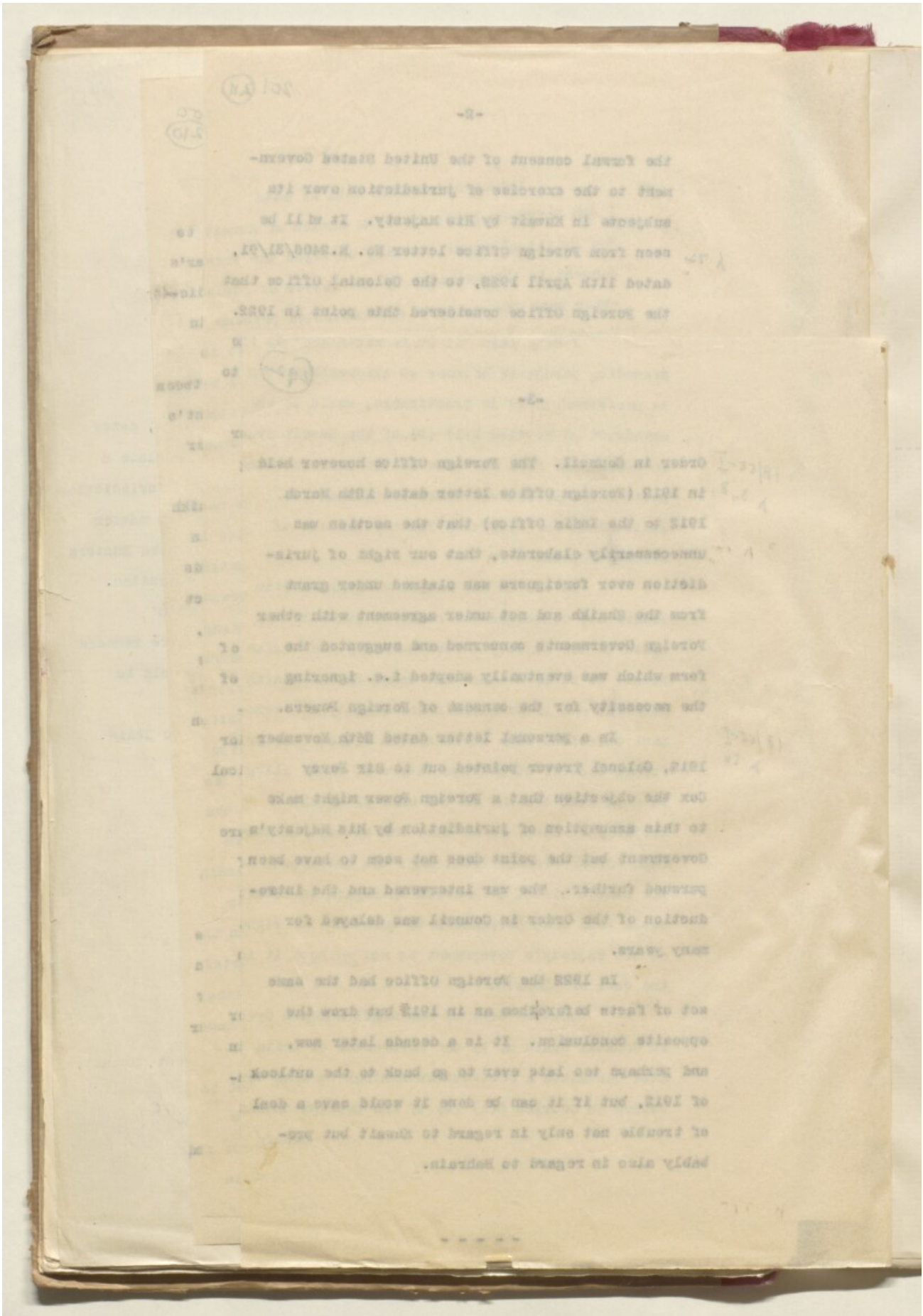
-3-

18/55-1
3, 8, Order in Council. The Foreign Office however held
in 1912 (Foreign Office letter dated 12th March
1912 to the India Office) that the section was
unnecessarily elaborate, that our right of juris-
diction over foreigners was claimed under grant
from the Shaikh and not under agreement with other
Foreign Governments concerned and suggested the
form which was eventually adopted i.e. ignoring
the necessity for the consent of Foreign Powers.

18/55-1
h 56 In a personal letter dated 26th November
1912, Colonel Trevor pointed out to Sir Percy
Cox the objection that a Foreign Power might make
to this assumption of jurisdiction by His Majesty's
Government but the point does not seem to have been
pursued further. The war intervened and the intro-
duction of the Order in Council was delayed for
many years.

In 1922 the Foreign Office had the same
set of facts before them as in 1912 but drew the
opposite conclusion. It is a decade later now,
and perhaps too late ever to go back to the outlook
of 1912, but if it can be done it would save a deal
of trouble not only in regard to Kuwait but pre-
bably also in regard to Bahrain.

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Confidential.

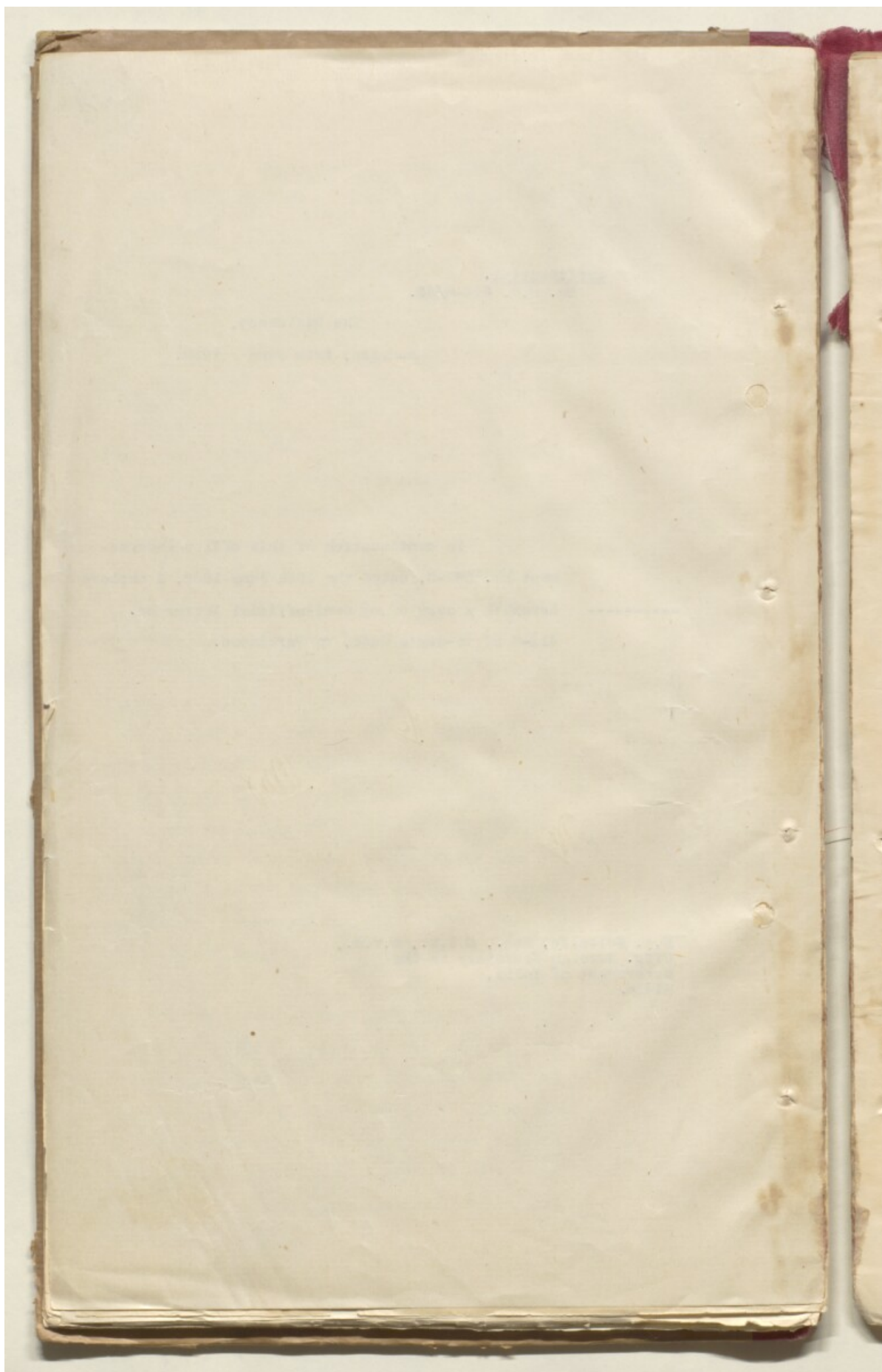
No. D.O. 414-S/32.

The Residency.

Bushire, 24th June 1932.

In continuation of this office endorsement No. 385-S, dated the 10th June 1932, I enclose
----- herewith a copy of my demi-official letter No.
413-S of to-day's date, to Parkinson.

H.A. Metcalfe, Esq., C.I.E., M.V.O.,
Offg. Foreign Secretary to the
Government of India,
Simla.





86/1

(214)

CONFIDENTIAL.

No. 98.

Political Agency, Kuwait.
Dated the 23rd June 1932.

gc 27/6

BUSHIRE RESIDENCY.
Reg. No. 1006
Date 27.6.32
CONFIDENTIAL RECORDS

From
Lieutenant-Colonel H.R.P. Dickson, C.I.E.,
Political Agent, Kuwait.

To
The Hon'ble the Political Resident
in the Persian Gulf, Bushire.

Activities of Major Holmes.

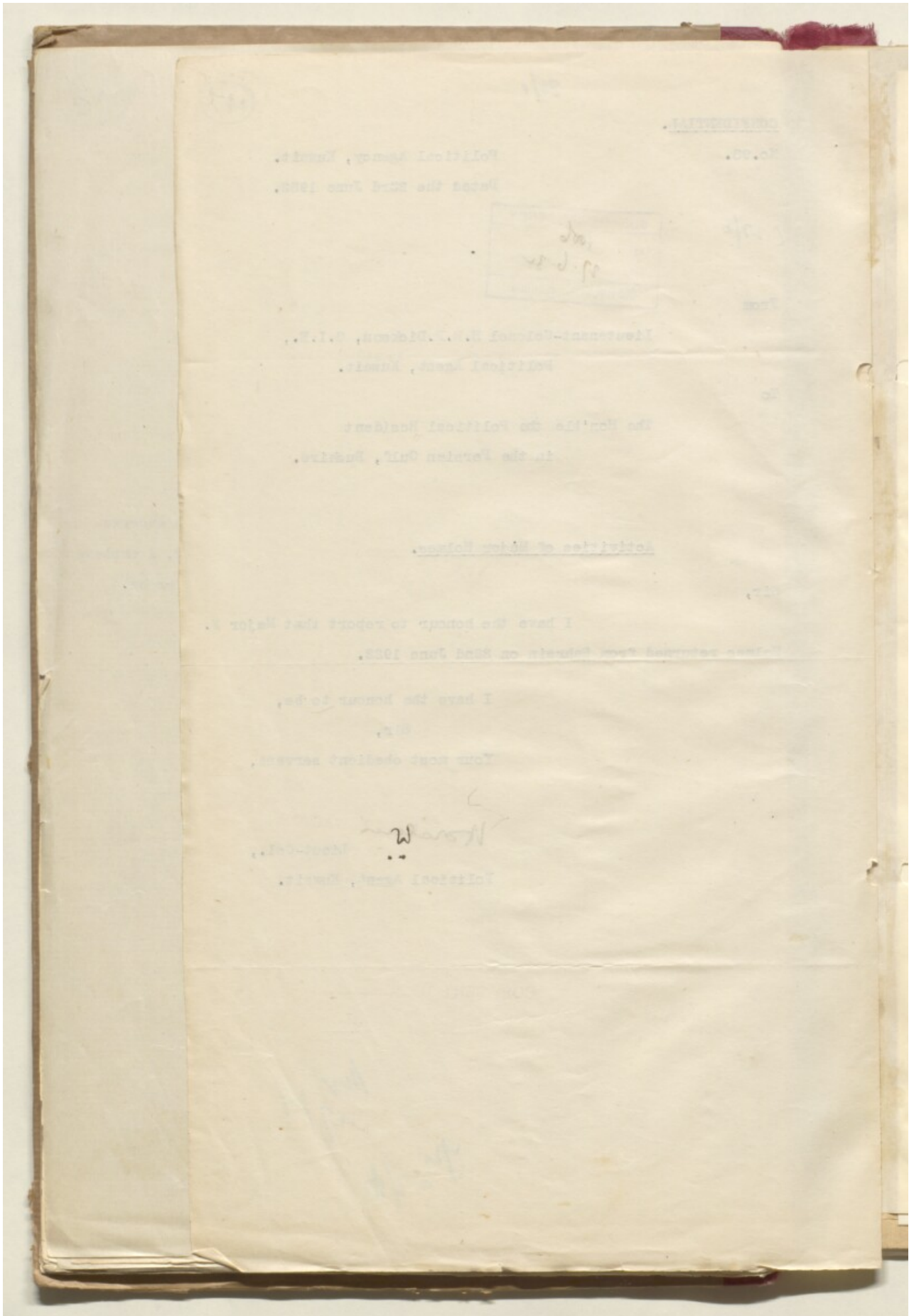
Sir,

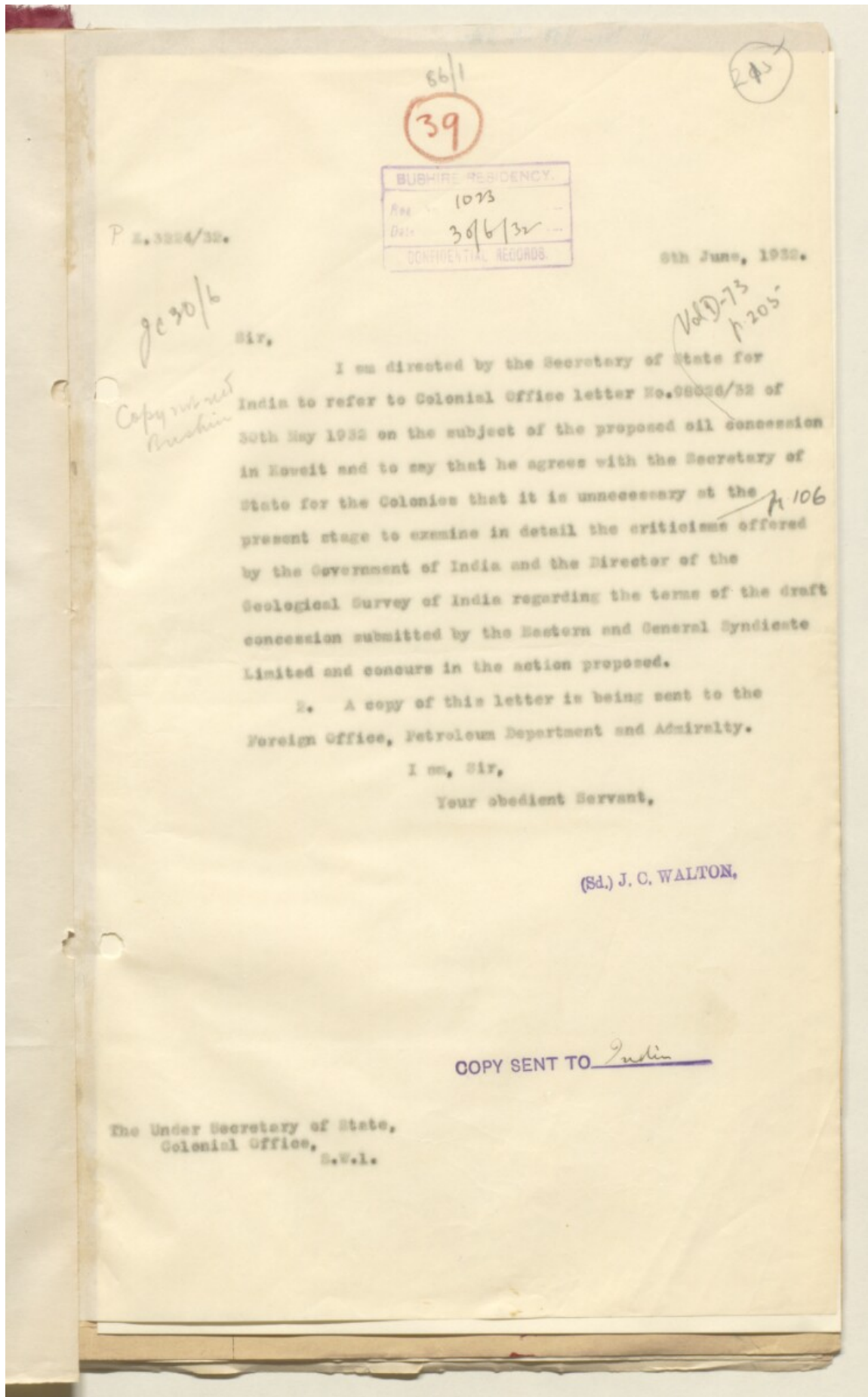
I have the honour to report that Major F.
Holmes returned from Bahrain on 22nd June 1932.

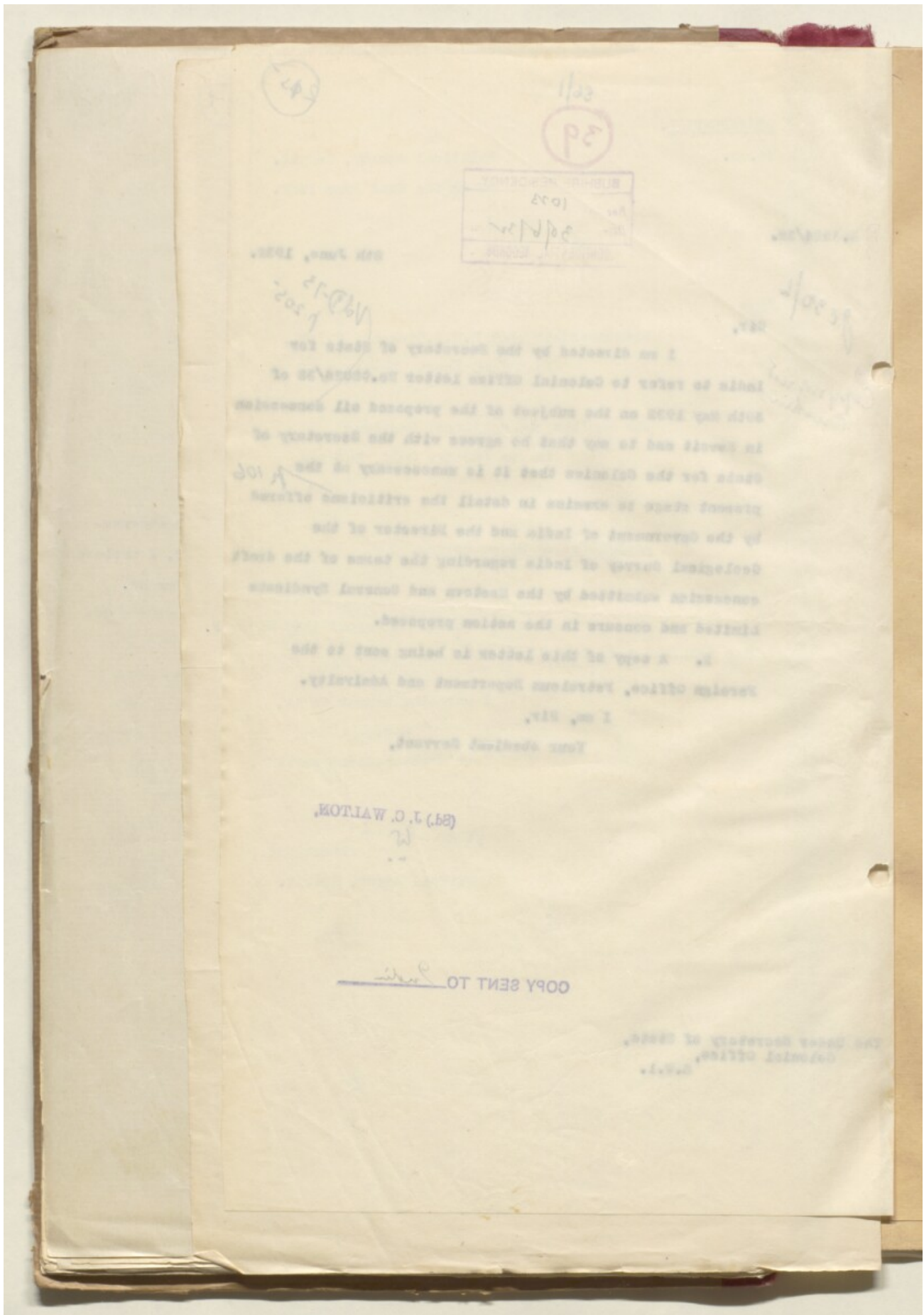
I have the honour to be,
Sir,
Your most obedient servant,

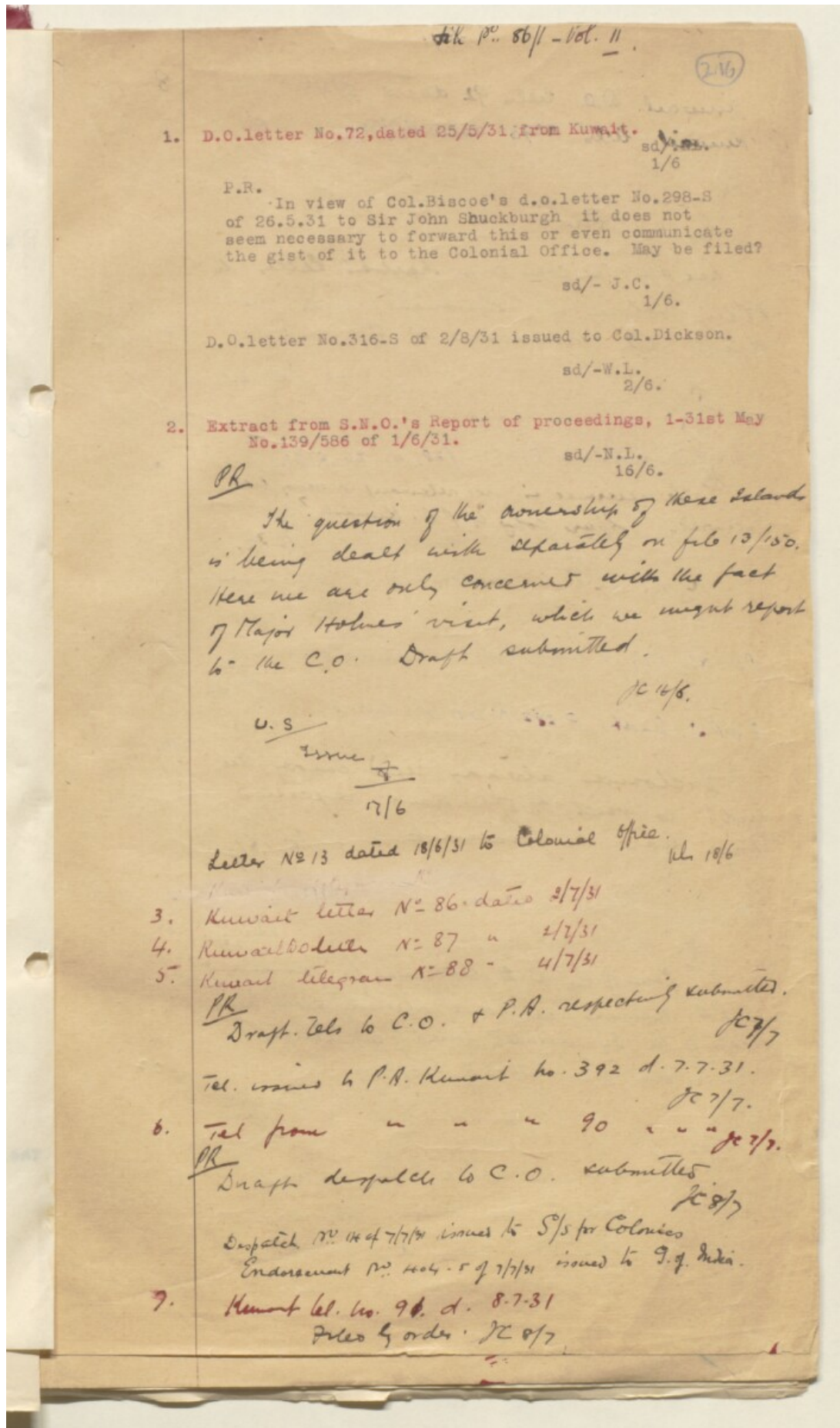
W. Dickson
Lieut-Col.,
Political Agent, Kuwait.

Mr
27/6
gc 27/6











86/1

Kuwait ~~letter~~ letter 92 dated 5/7/31 8
 Kuwait letter N=93 dated 8/7/31 alt. 13/7 9

PR.
 Ref. 9. File?
 Ref 9. The copy of the Harb's letter to -
 Major Holmes is identical with the -
 draft we forwarded to C.O. File? x p 10.
 J.C. 14/7
 1/14/7

F & P.D. end L. to F. 282-N/28, d. 26.5.31. 10.
 PR The reference is not relevant & may be
 ignored. Spare copy to P.A. Kuwait? J.C. 3/7.

Yes, we are in development.
 P.L. N= 579-3 dated 5/9/31 to Kuwait alt. 5/9
 F & P.D. End L. F. 282-N/28, d. 8.9.31. 11.
 Enclosures already recd under the
 end L. to which G. 5/1. have referred.
 File has endorsement. J.C. 13/9

Colonial office letter ~~to~~ dated 14/9/31 12.
 PR Copy of the C.O. letter may be forwarded
 to P.A. Kuwait; we have already sent him
 copy of the Syndicate's letter of 4th August
 under our P.L. 579-3 of 5/9/31 alt. 28/9
 J.C. 20/9.

When we enter a letter one's real
 intention are sometimes less important
 than the intention that an interested
 party can read into it because one



has expressed himself in a particular way. The way to Sharke has expressed himself is most unfortunate, and certainly gives a handle to Eastern and General. I'm glad, however, to see that the C.O. are prepared to dispute their interpretation, and I think that they will be very much surprised.

Ph. to Kuwait no. 634-S, d 30.9.31. 21/9

13. Govt of India instr. No 282-N/28 dated 23/10/31

PR We have recd. the despatch from C.O. & sent a copy to Kuwait. File? 2/10.

1
2/10.

14. Kuwait letter No 126 dated 3/10/31

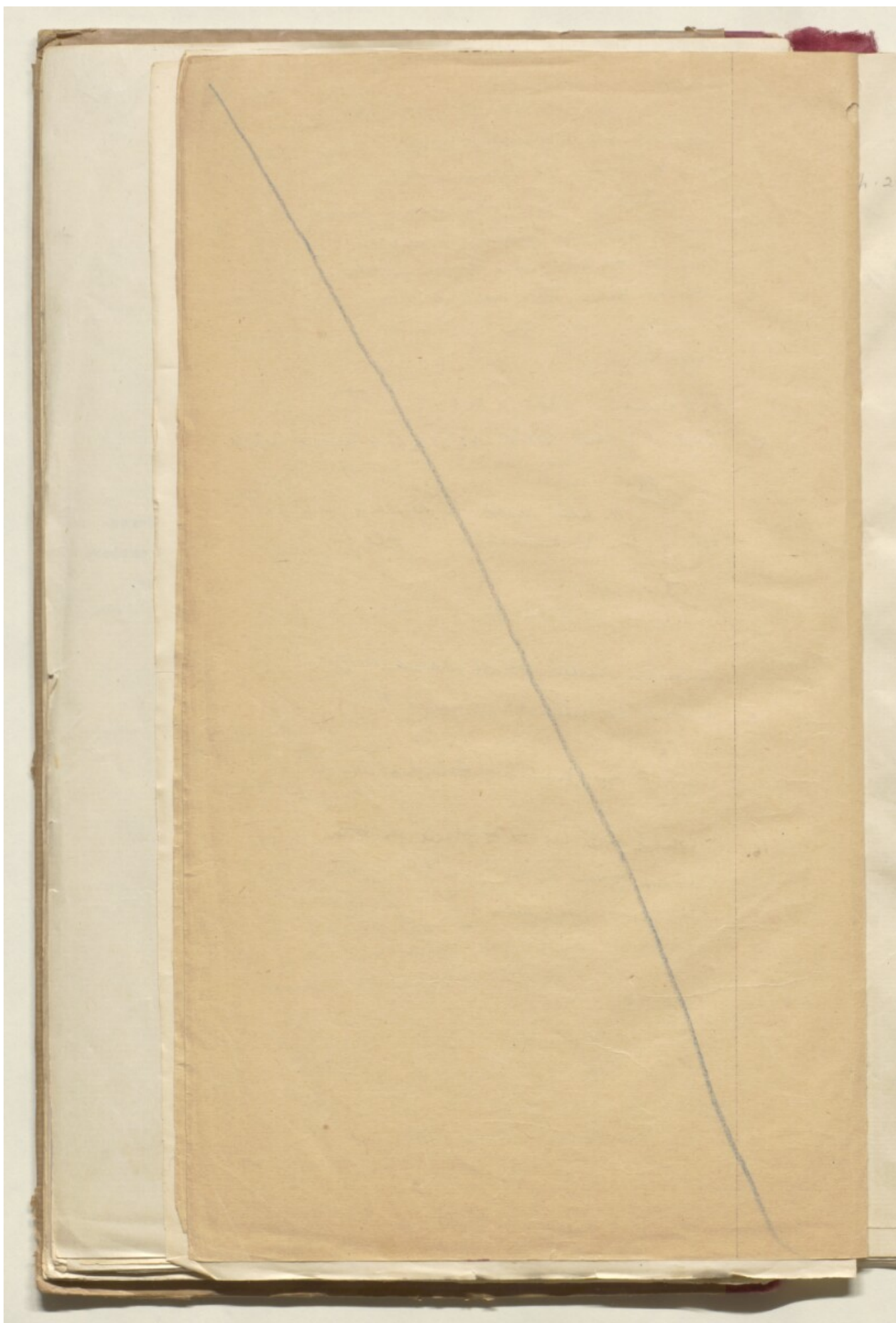
15. Kuwait d.o. letter No 127 dated 8/10/31

13/10

PR For Kuwait. File pro Geni. 13/10

16. What is come but that the Sharke has taken them on his side last letter of Mr. Williams para 3.

13/10





16. Col. Richardson's précis of conversation held on 24/10/31
between F.R. & Shaikh of Kuwait. (218)

PR Please see C.O. despatch Compl., d. 14.9.31
- to which we have to reply - and subsequent cor-
- respondence. Jc 20/10.

Despatch No 19 of 3/11/31 issued to Colonial Office.
Enforcement No. 1731-5 of 3/11/31 issued to Govt. of India
Ch.
3/11

17. Kuwait des. letter No 145, d. 18.11.31.
File?

PR Jc 20/11 7/11 25/11

18. Kuwait letter No. 149, d. 5.12.31. India & Bahrain
Copies may be sent to C.O.; and India
under P.L. Jc 18/12

PR Jc 18/12

P.L. No. C.44 of 19/12/31 issued to Colonial Office.
Enforcement No. C/45 of 19/12/31 issued to Govt. of India
P.L. No. C/46 " " " Bahrain.
Ch.
19/12

19. F&P.D. Encl. No. F.250-N/31, d. 3.12.31.
Enclosure already received. Jc 19/12.

F.S.



Despatch No. 157, dt 12-12-1931 from Kuwait, 12.

May copies be sent to C.O., G.P. 1. & P.A.,
Bahrain in continuation of last correspondence?

See at post
Despatch -

P.A.
23.12

JC 24/12

PR

J.M.
24/12

P.L. No. 23 of 24/12/31 issued to Colonial office.
Encl. " 838-5 " " " " Govt. of India &
Bahrain.

P.A. *P.A.*
24/12/31. 13.

India office Encl. No. P.2. 8066/31 of 29/12/31.

India Office, London, Endorsement No. P.2. 8073/31 of 15/1/32
Encl. G.P. 1. and 2. No. F.262-N/38, dt 18/1/32. → 14. p. 79
22/1/32. → 15.

added later

P.A.

J.O. P.L. No. P.2. 22/32, dt ?

16. p. 88

J.O. Telegram No. 385, dt 3-2-1932.

17. p. 91

P.A.
34/2

PR

Ref. 13-16. how that we do not get additional
copies from India, we have not got the time, beyond
at present at any rate, to send copies of everything
to the P.A.s, & I suggest that only the more important
papers be sent. May these be filed?

Trans
to file

Ref 17. Please see your despatch No. 19, dt.

p. 40

3/1/31. I also submit certain telegraphic
correspondence of 1929 relating to the Bahrain Oil
Concession, which may be of assistance, vide Vol.
C-30, H. 254-6, 259.

JC 5/2

Please docket issues & file all H.

P.A. *P.A.*
No. 43-5. 9. 15/1/32 issued to Kuwait
Tel. No. 93 & 16/1/32 - G.P. India.

p. 93
p. 96



86/1
 p 9818. F.H. encl. N. F. 282-N/28, d. 3.2.1932 (219)
 689. Enclosures have already been received. H.C.
 L.S.
 J.C. 10/2
 7/2/32

19. F.O.P.D. Indt. ho. F. 282-N/28, d. 27.2.32.
 Inset P.L. 6- P.H. Kuwait, ho. C-19, d. 10.3.32.
 J.C.

20. J.O. P.L. ho. ^{P2.} 1432/32, d. 4.3.32.
 Copy of enclosures to P.H., Kuwait, for information?
 J.C. 13/3.

PR
 P.L. N. 147-S dated 14/3/32 13/3. to Kuwait.
 H.L.
 12/3

21. G.O.I. Express letter ho. F. 282-N/28, d. 16.4.32.
 on receipt
 PR S.C. may be sent to P.H. Kuwait for information
 only?
 J.C. 23/4

PR
 P.H. ho. 260-S, d. 28/4/32 issued L. P.H. 25/4
 J.C. 28/4

Transferred to
 File 82/1
 J.C. 26/4
~~A.P.O.C. Abadan letter 728/1 dated 12/4/32~~
~~Letter N. 234-S dated 22/4/32 to A.P.O.C. Abadan~~

22 Extract from Kuwait D.O. N. 53, d. 14.4.32
 PR
 File?
 J.C. 25/4.
 PR
 25/4



~~P.L. No 260-5 dated 28/4/32 to Kuwait.~~

7. O. Blue Print N. E/1558/121/91, dy 20/3/32

1. O. p.l. N. P.2. 2298/32, dy 22.4.1932

Sent for information. File?

PR has seen. File.

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Letter to H. of Kuwait no 111, d. 13/4/32 p136 (220)
 No. 304-S of 13/5/32 issued to Kuwait. p139

Telegram No 286 dated 23/5/32 to ^{12/5} Kuwait. ^{21/5}

29. Kuwait letter no. 67, d. 19.5.32.
 File? ^{25/5}
W.S.

30. C.O. despatch no. Confol. d. 11.5.32
 S.C. may be sent to Kuwait?
^{27/5}
 Jc 27/5

P.L. No 335-S. of 27.5.32 sent to Kuwait
 D/O .. 339-S - 28/5/32 " " " ^{28/5}
 Jc 28/5

31. Kuwait despatch No 73, d. 26.5.32
 32. " " 74, d. —

Ref 31. File?
 Ref. 32. We have ^{not} sent C.O. to India
 copy of your letter to the Sheikh no 111, d. 13.5.32.
 best we send this with Sheikh's reply? P.R.
 has informed Mr. Parkinson diplomatically in his
 letter regarding the A.P.O.C. that the Sheikh would
 insist on the inclusion of anything desired by H.P.S.
 Jc 3/6.

not?
 Jc 136 —
 82 not put up
 P.R.
 File J.M. 1/6.



Genl. Dept. Enst. N. F. 282-N/38, dy 25/5/32

33

The question of the 'Nationality' Clause has been decided now. Copy may be sent to P.A. Kuwait, for information.

Jc 4/6.

U.S.

Jc 4/6

P.A. Kuwait
Jc 4/6

Enst. P.L. N=362-S dated 6/6/32 to Kuwait.

al.
6/6

Kuwait despatch N. 75, dy 27.5.32

34. p. 169.

PH Draft letter to C.O. submitted.

Jc 7/6.

Letter no. 20 of 7/6/32 issued to Colonial Office

Enst. no. 369-S of 7/6/32 issued to G. of Enst.

al.
7/6.

Resubmitted.

With a couple of exceptions the present draft concession is identical with that submitted by Major Holmes in September 1930, on which P.R. has commented in detail in his despatches No. 38, dated 17.9.30, and 42, dated 6.10.30. These exceptions are in Art. I.

D.73
A. III

20 p. 133
" " 147

(a) There is no division into a general agreement and three separate licenses as in the Colonial Office model. Instead the period of exploration and prospecting is limited to 5 years, after which the Coy. will have to select the mining areas, described throughout as "conceded territory", an undesirable term.

" p. 6

(b) The mining area is to aggregate 1640 square miles (1,049,600 acres), over ten times the area of 100,000 acres allowed in the C.O. model. Further the number of blocks is unlimited, whereas in the C.O. model it is restricted to 3.

20 p. 8

C.O.



86/1-II
p. 133

86/1-II

(22A)

C.O. telegram No. 3 of 9th May 1932 gives the safe
-guards which H.M.G. will insist on.

JC 9/6.

C.A. has already compiled the above when
you instructed me to compare the two draft concussions.
I have read through the concussions, and, with the exception
of the points raised above, it seems that your views are
likely to be the same as expressed in your previous despatches
Nos. 38742 referred to by C.A. with exception of reference to nationality clause
JL 9/6.

169.

Despatch No 21, d. 10/6/32 issued to C.O. London
Inv. No 3858 ————— 9/6.
JL 10/6

35 India Office pl. No 3379/32, d. nil
C.O. will since have received your
despatch No. 21, d. 10.6.32. File?
JC 18/6.

p. 192

Yes. We have forestalled them, &
instead of calling on us to produce a
draft they will have to do so themselves.

JM

22/6

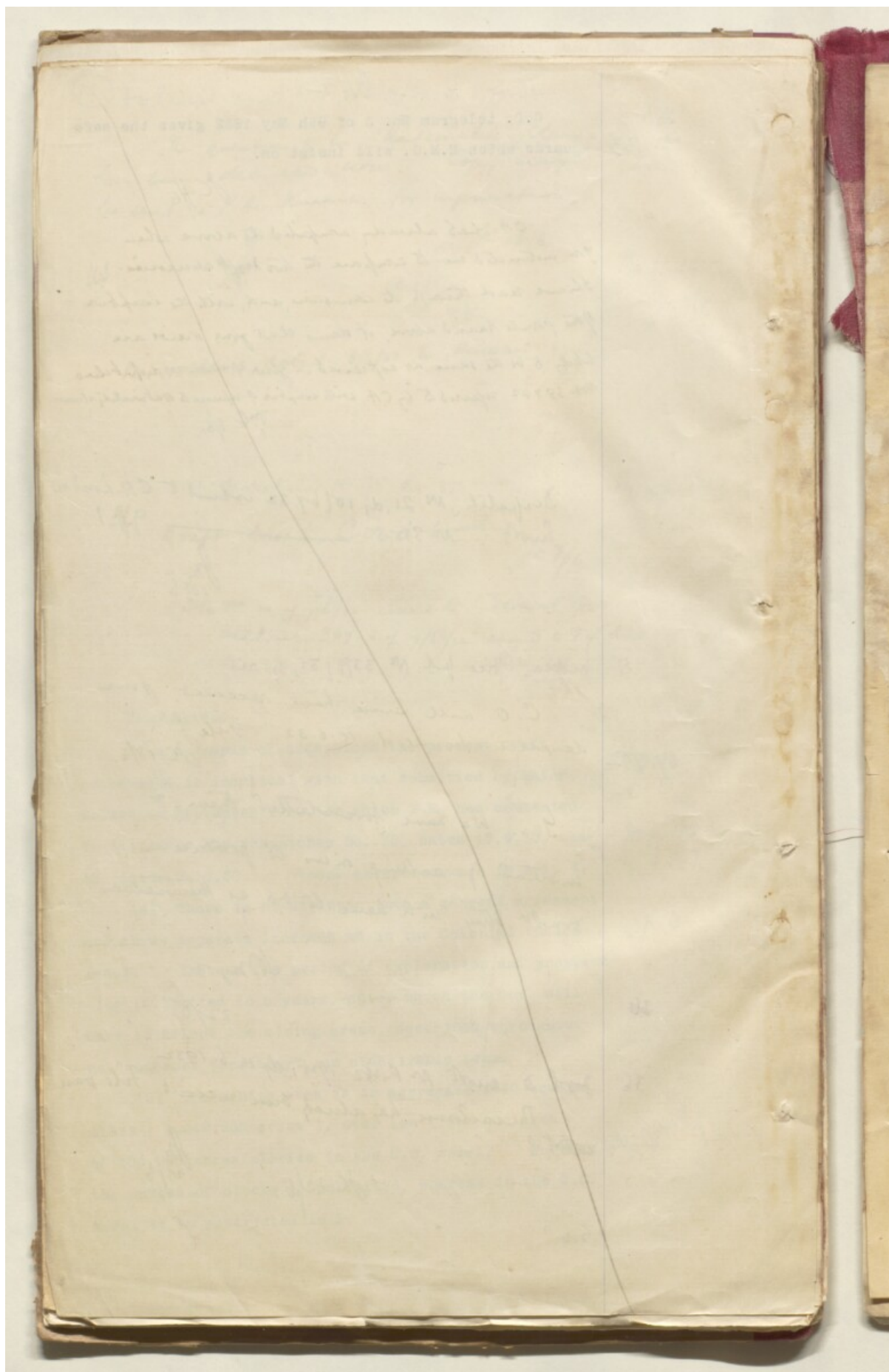
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36 Tol. D. inst. No F. 482. N/4, d. 11. 6. 1932
The enclosure has already been received. File has
inst.?

p. 144

JC 23/6.

JL 23/6





37. 86/1-II (222)
P.R.
Letter dated 17th Rabi II 1344 (4-11-25),
from the Shaikh of Kuwait to the Political Agent,
Kuwait, conveyed the former's consent to the exercise
by the latter of jurisdiction over the subjects and
protected persons in Kuwait of all non-Muslim Foreign
Powers. It is further amplified in the exchange
of letters between the two, forwarded under cover of
P.A's. memorandum No. 424/32/11, dated 12-12-25.
This is satisfactory vis a vis the Shaikh
but under sec. 8 (1) (2) of the Kuwait Order in Council
the Political Agent's jurisdiction extends only over
non-Muslim
such foreigners " with respect to whom the Shaikh of
Kuwait and any State, King, Chief or Government whose
subjects or under whose protection they are have
agreed with His Majesty for , or consented to, the
exercise of jurisdiction by His Majesty." As in
1926 - vide India Office letter No. P.808, dated
11-3-26 - so at present, no Foreign Power has con-
-sented to the exercise of jurisdiction over its
nationals in Kuwait by His Majesty, and the Govt. of
(F.P.D. letter No. 210-N, d. 26-4-26)
India orders are that when the necessity arises steps
should be taken to ascertain from the Government of
the person concerned whether they desire that the case
should be dealt with under the Order in Council.
This state of affairs has hitherto led to
no inconvenience but it will in the event of the influx
of a large number of Americans into Kuwait and, if it
is necessary, it would be as well to obtain the formal
consent of the U.S. Govt. to the exercise of jurisdic-
-tion over its subjects in Kuwait by His Majesty. It
will be seen from Foreign Office letter No. E.2406/31/9/
d. 11-4-22, to the Colonial Office that the Foreign
Office considered this point in 1922.
I have said "if it is necessary" in the pre-
-ceding paragraph because an alternative much to be
preferred, if it is practicable, would be the amendment
of



of sec. 8 (1) (2) of the Kuwait Order in Council to read the same as the corresponding section of the Bahrain Order in Council i.e. omission of the necessity for the consent of Foreign Powers.

So far as the subjects of non-Muslim Powers are concerned the right of jurisdiction ceded to H.M.G. by the Shaikh of Kuwait is no less than that ceded by the Shaikh of Bahrain, and if in Bahrain H.M.G. ~~exercised~~ exercises such jurisdiction without the prior formal consent of Foreign Powers it seems illogical to seek such consent in the case of Kuwait. Further, it seems to me that the attempt to secure such formal consent from, say, the Govt. of the U.S.A. in regard to Kuwait would lead that Government to question the right of H.M.G. to act without it in the case of Bahrain.

Section 6 (2) of the draft Bahrain Order in Council drawn up by the Govt. of India in 1911 contained a restriction similar to that contained in sec. 8 (1) (2) of the present Kuwait Order in Council. The Foreign Office however held in 1912, that the section was unnecessarily elaborate, that our right of jurisdiction over foreigners was claimed ~~by~~ under grant from the Shaikh and not under agreement with other Foreign ~~States~~ Govts. concerned and suggested the form which was eventually adopted i.e. ignoring the necessity for the consent of Foreign Powers.

In a personal letter d. 26-11-12, Col. Trevor pointed out to Sir P. Cox the objection that a Foreign Power might make to this assumption of jurisdiction by H.M.G. but the point does not seem to have been pursued further. The war intervened and the introduction of the Order in Council was delayed for many years.

In 1922 the F.O. had the same set of facts before them as in 1912 but drew the opposite conclusion. It is a decade later now, and perhaps too late ever to go back to the outlook of 1912, but if it can be done it would save a deal of trouble not only in regard to Kuwait but probably also in regard to Bahrain.



86/1-II (223)

Thanks. A very good note which
I think we might send to Mr.
Parsons; copy to G. J. D. in
continuation of my despatch regarding
the oil concession.

Mjs
23/6

Draft a.o.s. submitted.
JC 24/6.

Do. No 4133 of 24. 6. 32 issued to Co.
4145. 751. Dept.
25/6

38. Kuwait letter No 98, dy 23. 6. 1932.
File?
Mjs
28/6
JC 28/6

39. India Office encl. No. PZ. 3224/32, dy 8. 6. 32
File? (P.R. has already given his views - see
h. 192).
Mjs
30/6
This refers to his previous ~~encl.~~ despt.
how out of date.
JC 30/6

us.

